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NEWS SUMMARY

GENERAL

Sahara march 'to start to-day'

King Hassan of Morocco announced last night that the "Peace March" of 350,000 unarmed volunteers would set off to-day, and cross the frontier into the Spanish-held Western Sahara.

The king told the marchers in a broadcast: "If you meet a Spanish civilian or a soldier, greet him and share your food with him. If he fires on you, arm yourself with your faith and your conviction and continue your march.

King Hassan added that he wanted to lead the march "but my responsibilities as leader oblige me to be at the command post—although my heart and my feelings will be with you." Back Page

Meanwhile, General Franco, who remained gravely ill, was linked yesterday to a kidney machine in an attempt to overcome kidney failure which indicated that his body was beginning to reject blood transfusions which took place during recent surgery. Doctors were also reported to be considering amputation of the general's phlebitis-stricken left leg to avoid the onset of gangrene.

Troops, jets reinforce Belize

An infantry battalion—the Devon and Dorset Regiment—and six Harrier jump jet aircraft are to reinforce the British 670-strong garrison at Belize in British Honduras because of a build-up of Guatemalan troops along the border. A British frigate with marines aboard is in the area. Page 4

Stonehouse sent for trial

Mr. John Stonehouse, M.P., was committed for trial at the Old Bailey yesterday on 18 of 21 charges. His former secretary, Mrs. Sheila Buckley, was committed for trial on all six charges against her. Page 8

Great Britain II set to win

Great Britain II was only 140 miles from the entrance to Sydney harbour at 9.30 p.m. GMT last night. With a fresh westerly to push her over the last leg she seemed set to beat the 105-year-old 69-day record by nearly 48 hours and win the first leg of the FT Clipper Race to Australia and back. The French yacht, Kriter II, was trailing her by 60 miles. Back Page

Sadat visit

President Sadat of Egypt is due in London to-day at the start of a three-day official visit. Page 5, Editorial Comment, Page 16

Maze releases

Mr. Merlyn Rees, Northern Ireland Secretary, yesterday released a further 20 men held in detention at the Maze prison—the biggest release since Easter. Page 8

Briefly . . .

The Duke and Duchess of Argyll last night fought to save priceless paintings, tapestries and books as a fire blazed in their Inverary Castle, Scottish home.

Regulations compelling use of headlights at night were withdrawn in Commons last night by Dr. John Gilbert, Transport Minister.

Death toll of Tuesday's blast furnace explosion at Scunthorpe, Lincolnshire, rose to seven to-day when two more men died in hospital.

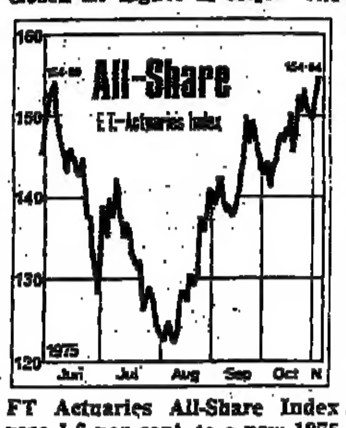
Cardinal Heenan, Archbishop of Westminster, 70, has been admitted to Westminster Hospital following a mild heart attack.

Corporation of the City of London is to offer the Freedom of the City to Mr. Harold Wilson in recognition of his services to the nation. Men and Matters, Page 16

BUSINESS

All-share index at 1975 peak

● EQUITIES again were strong, with a noticeable increase in activity. The FT 30 share index closed 1.9 higher at 360.8. The



FT Actuaries All-Share Index rose 1.6 per cent. to a new 1975 peak of 154.64. In contrast GILTS were quiet, and there were falls of up to ¼.

● STERLING lost a further 60 points to $2.0645; its weighted depreciation widened to 29.3 (29.2) per cent. Dollar's fall closed to 2.66 per cent. from Monday's 2.97 per cent.

● GOLD gained $2 to $146½ in light business.

● WALL STREET closed at 836.27, up 6.14 on hopes of a further cut in interest rates later this week.

● BRITAIN is making a strong bid for the key EEC post of Director-General of energy policy, writes Reginald Dale from Brussels. Page 6

West German jobless rise

● UNEMPLOYMENT in West Germany rose by 55,800 last month to 1.06m. The number of workers on short-time also increased, by 78,100 to 716,000. Page 6

● SPAIN is to be accused of dumping steel bars on the U.K. market. The Department of Trade has examined and upheld complaints from British suppliers. Page 9. Liberal Trade spokesman Mr. Richard Wainwright has been given leave to introduce a Bill to "put some sharp statutory spurs behind anti-dumping procedures." Page 11

Price restraint talks next week

● PRICE RESTRAINT talks will begin next week between trade associations and Government departments, the CBI and the Retail Consortium disclose in a letter to members. Page 8

● FOREIGN CREDITORS can have their claims awarded in their own currencies by English courts, the House of Lords has decided. Back Page

● BURMAH OIL is engaged in talks aimed at re-financing its $500m. construction programme for five liquefied natural gas tankers. Back Page.

● JUNIOR DOCTORS are asked on their ballot paper if each is personally prepared to engage in industrial action and sustain it until the Government provides more money. Page 13

COMPANIES

● RIGHTS ISSUES were announced yesterday by British Home Stores—to raise £15.5m. for long term expansion—and Capper-Neill—to raise £1.56m. The latter company also reported half-year pre-tax profits well ahead at £0.87m. (£0.5m.). Page 33.

● PERMALI Board looks likely to reject yesterday's higher offer from BTR. Page 34

● HARTLEY BAIRD auditors wereremoved from office at yesterday's company meeting. Page 8

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Aaronson Bros.	51	+ 6
Associated Dairies	198	+ 6
Brockhouse (J.)	168	+ 14
Bunzl Pulp	92	+ 4
Campari	25	+ 3½
Capper-Neill	58	+ 6
De La Rue	184	+ 11
Dunlop	69	+ 5
Eastern Produce	22	+ 7
Gomme Hldgs.	81	+ 4
Harmo Inds.	38	+ 10
Hill Samuel	111	+ 5
Jacobs (J. I.)	15¾	+ 1½
Jessups	174	+ 3
Johnson Matthey	300	+ 12
Lec Refrigeration	74	+ 4
Letraset	47	+ 6
Meyer (Montague L.)	54	+ 4
Mothercare	170	+ 8
Nat. Westminster	250	+ 8
News Intnl.	130	+ 7
Pearl Assurance	232	+ 6
Rank Org. "A"	165	+ 8
Readicut Intnl.	22	+ 4
Rush and Tomkins	35	+ 6
Smith (W. H.) "A"	407	+ 17
Stone Platt	82	+ 4
Thomson Org.	205	+ 11
BP	590	+ 15
Anglo American	375	+ 7
Blyvoor	600	+ 20
Pancontinental	720	+ 20
Sabina	93	+ 8
Yukon Cons.	77	+ 10

FALLS

Treasury 13¼pc 1997	£91¼	— 1
Beaver Group	54	— 6
Bellway Hldgs.	49	— 6
Group Lotus Car	26	— 3
Lep Group	125	— 8
Warwick Eng.	17	— 3

Government promises policy switch

Industrial strategy puts emphasis on manufacturing

BY WILLIAM KEEGAN, Economics Correspondent

A major shift of economic priorities away from public expenditure towards regeneration of Britain's industrial structure was promised by the Government yesterday as a key aspect of what it describes as "an approach to industrial strategy."

The undertaking was given jointly by Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Eric Varley, Industry Secretary, at the key National Economic Development Council meeting of Ministers and TUC and CBI leaders at Chequers under the chairmanship of the Prime Minister.

Promising "to take account more systematically of the needs of industry," the Government strategy paper discussed yesterday points to the need to ensure that industry both public and private earns sufficient profits, against the background of a healthy financial market.

The whole emphasis of the Government's approach—and endorsed by both the TUC and CBI at yesterday's NEDC talks—is on strengthening what Mr. Wilson described as "the backbone of our economy, manufacturing industry, which now accounts for about 30 per cent. of our output and employment, and over 80 per cent. of our visible exports."

The Government's strategy paper promises that "the Government intends to give greater weight, and more consistently than hitherto, to the need for increasing the national rate of growth through regenerating our industrial structure and improving efficiency."

"For the immediate future, this will mean giving priority to industrial development over consumption or even our social objectives.

"There is no other way of developing the industrial base on which the Government's whole programme of economic and social reform depends."

Unveiling plans for what is officially described as "a more flexible approach" to economic and industrial strategy, Mr. Wilson promised:—

"A framework for assessing the prospects of the more important sectors of industry over a period of five or more years ahead . . . designed to give industry a greater measure of continuity than it has enjoyed over the past 20 years under successive Governments."

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Facing the truth on company profits, Page 9

As a first step, the Government has undertaken to produce an experimental analysis for NEDC by the new year of the prospects for 30 or so industrial sectors over the next five years, in the light of the Government's medium-term assessment of the economy.

A significant development is that ideas about concentrating Government assistance on key growth sectors—a policy known as "backing the winners"—have been considerably watered down in the past month or so.

Asked at a Press conference yesterday evening whether there were any industries which were not potentially covered by the Government's plans for assistance under the Industry Act, the National Enterprise Board, and so on, Mr. Healey made it clear he would like the phrase "picking winners" removed from the debate.

The joint paper on industrial strategy prepared by Mr. Healey and Mr. Varley and their respective departments shows every sign of having been influenced in redrafting by the National Economic Development Office's argument that there is a limit to the number of "winning industries" the Government can identify.

Rather, a great deal of emphasis is now put on the need for the U.K. to increase its industrial performance and productivity across the board.

The Government says it is aiming at identifying three groups of industries — those which, "judging by past performance and current prospects, are intrinsically likely to be successful; industries which, though they fall short of the first category, have the potential for success if appropriate action is taken; (and) industries whose performance (as in the case of component suppliers) is most

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Norway halts output from N. Sea platform

BY FAY GJESTER OSLO, Nov. 5.

NORWAY'S PETROLEUM directorate to-day ordered the Phillips Group to stop output on platform Baker—the second of three production platforms on the group's Ekofisk field—following the discovery that a pipe on the platform might be affected by the same kind of corrosion as caused Saturday's accident on the field.

The corrosion ruptured a feeder pipe on Platform Alpha, so that hot oil and gas flooded out near the waterline, causing an explosion and fire—the first really serious accident to occur on a Norwegian oilfield.

Production on Alpha was immediately stopped, pending repairs to the fire-damaged platform.

The shut-down of platforms Alpha and Baker has reduced the total output of the field from 300,000 to 40,000 barrels of oil per day.

The news that rust had caused the Alpha accident took Norway's oil experts by surprise and led the Petroleum Directorate to order an intensive check to-day of all the oil and gas lines on the field which were of the same type as the one that ruptured.

It was during this inspection that evidence was found of possible corrosion on Baker's pipes.

Rhys David writes: Inspection of oil and gas installations in the North Sea is likely to be stepped up considerably, following the explosion.

The loss of part of the concrete and mastic coating on the pipe near sea level—possibly as a result of a collision with a vessel manoeuvring near the platform—was discovered during an inspection in September. At that time according to the company no unusual corrosion was apparent and steps were being taken to repair the section.

The company now states that a preliminary examination of the section in Norway has made it clear that corrosion has been much more rapid than is normal in this type of environment and further investigations are being carried out. Phillips said the concrete coating on other lines had been shown by a recent inspection to be intact, but a further examination would now take place and any failure remedied.

Officials from Det Norske Veritas, the Norwegian standards organisation for technical equipment also began a spot inspection yesterday of oil and gas lines in the field. Among the other big North Sea concerns, BP said they were engaged in a regular programme of inspection and believed their designs should be able to cope with any problems.

The extent of the problem which has now been uncovered as a result of the Phillips accident will not be known until further detailed examination of the equipment has taken place to see what if any special factors were at work. The incident has highlighted again, however, the enormous potential problems with corrosion faced by the North Sea oil producers and the difficulties in devising methods of anticipating or counteracting the problem.

The North Sea operation involves the laying of several thousand miles of pipeline. No built-in method of monitoring for corrosion has yet been devised and the industry is left to rely on the concrete casings in which the pipes are buried on the seabed remaining intact.

NY State agencies 'need aid'

BY GUY DE JONQUIERES NEW YORK, Nov. 5.

GOVERNOR HUGH CAREY today stepped up his last-ditch campaign to win federal assistance for New York City, warning President Ford bluntly that four New York State construction finance agencies now also need large amounts of federal aid if they are to avoid "imminent default."

In a separate letter, Mr. Carey asked the New York Federal Reserve Bank for a renewable 90-day loan of $576m. for the four agencies which, he said, were effectively barred from borrowing further on the debt markets and which are currently financing construction projects worth $2.5bn.

Pressure

"I wish to stress to you," the Governor told Mr. Ford, "that these agencies have nothing to do with the fiscal crisis facing New York City.

"Each of them has an enviable record of financial soundness and prudent management, yet these agencies . . . now find themselves precluded from the investment market that has only been severely aggravated since your recent speech calling for the bankruptcy of New York City."

Mr. Carey's strongly-worded appeal takes a step further the desperate campaign now being waged by New York authorities to pressure Mr. Ford into reconsidering his adamant refusal to allow federal intervention in the city's crisis and to turn the tide of political opinion in their favour.

State and city officials have hastily rallied a coalition of local businessmen, bankers and union officials behind their cause. Yesterday Consolidated Edison, the largest utility in the U.S. and sole supplier of electricity to New York City, joined the crusade.

It warned Mr. Ford that its own survival could be jeopardised if the city were allowed to slip into bankruptcy.

Governor Carey's attempt to pin the blame for the problems faced by the four State agencies squarely on Mr. Ford is not supported by the facts, though. Several state agencies have been in financial difficulties for some time and at least one of them was told by its bankers it could not hope to borrow further several weeks before Mr. Ford's speech last week.

Aftermath

Though the disruptions which New York City's crisis have caused on the municipal bond markets have obviously not helped, the agencies' borrowing problems stem more from the aftermath of the near-default by the New York State Urban Development Corporation earlier this year.

Like the UDC, the four construction agencies have relied extensively on so-called "moral obligation" bonds—a form of financing which has become highly suspect on Wall Street of late. These bonds, which were first devised by former Attorney-General, Mr. John Mitchell, are not backed by the state's own "full faith and credit," which had previously been a prerequisite for municipal debt issues.

The four troubled state agencies help finance housing, medical facilities, schools and other public construction projects. Together they have outstanding debts of more than $3bn. While another $6bn. of debt has been issued by the UDC and related agencies.

Failure

Governor Carey said that the Federal Government's failure to step in would mean imminent default by the agencies. This would mean a sharp increase in state unemployment and the halting of the construction of hospitals, schools and apartment projects. The general credit of the state would also be seriously jeopardised.

Mr. Carey said the state is still seeking to raise $150m. to complete its next aid payment of $750m. to the city. If the money cannot be found with the next ten days, he added, the city will have to default on November 14. A default in early December, in any event, appeared inevitable.

Move to boost investment projects

By Kenneth Gooding, Industrial Correspondent

THE GOVERNMENT has made further substantial changes to the scheme which aims to encourage those companies with investment or modernisation projects shelved or postponed because of the recession, to get them quickly under way again.

Another £20m. is being made available on top of the £70m. already allocated for the scheme. This new money will specifically be for modernisation projects. Previously, the scheme was restricted to those projects which would involve additional new capacity, not the modernisation of existing capacity.

At the same time, there has been a considerable easing of the conditions which a planned project must meet before qualifying for the scheme.

The qualifying limit on the capital cost of projects will be reduced from £1m. to £500,000, including working capital. Qualifying date for projects to begin under the scheme will be extended from March 1976 to September that year.

This is the second time the qualifying cost of projects has been reduced. When the scheme was first announced last April, the limit was set at £2.5m. This was reduced to £1m. in September.

The Department of Industry said last night that the latest changes arose from demand from companies with worthwhile schemes which just failed to qualify under the old criteria. As it has been taking up to two months to approve projects, it was decided to put back the qualifying date.

The build-up of interest had been encouraging, with a number of companies already having been offered assistance. A growing number of cases were under examination and there had been new inquiries, the Department said.

A substantial part of the orginal £70m. is committed to projects either approved or under serious consideration by the Department. Assistance has been approved for companies in engineering, pharmaceuticals and chemicals.

The most-publicised recipient has been Lucas Industries, which is to get £3.7m. from the Government towards a £25m. investment programme.

Government support under this Industry Act scheme will be "the minimum considered necessary."

Assistance is in the form of loans at concessionary rates of interest or the equivalent in an interest relief grant. The taking of equity will not be a condition of assistance.

Chrysler bid for £35m. loan falls through

BY TERRY DODSWORTH AND RICHARD EVANS

MR. JOHN RICCARDO, Chrysler Corporation chairman, told a group of Labour MPs last night that the £35m. loan the company had been seeking from Finance for Industry had fallen through.

He also gave them the distinct impression that Chrysler is asking for Government assistance of about £100m.

The FFI's refusal of a loan to Chrysler which, according to Mr. Riccardo, was quite unequivocal, means the company is now inevitably thrown on the Government for further financial aid.

The FFI is regarded as something of a last resort for companies raising money in the open market.

The MPs were brought in on the Chrysler talks quite unexpectedly yesterday when Mr. Riccardo, who had checked out of his London hotel the previous night, turned up at the House of Commons in a green Chrysler 180—a car which is made at the group's French subsidiary.

He saw both Labour and Tory MPs, and also a delegation of car industry trade unions led by Mr. Jack Jones, head of the Transport and General Workers' Union, who showed guarded optimism about the company's prospects in the U.K. after the meeting.

The meeting with the Labour MPs took place in the room of Mr. Edward Short, Leader of the Commons—one of the most secure locations at Westminster.

Afterwards, Mr. Leslie Huckfield (Nuneaton) said that although Mr. Riccardo would not reveal precisely how much assistance Chrysler was asking for from the Government, he had said that the Corporation wanted "a combination of assistance for new models and other things."

Following the talks Mr. Riccardo, apologising briefly to reporters for his elusiveness, flew back to Detroit, leaving the Cabinet to consider a range of options for a possible rescue operation on the company at its meeting to-day.

He said he would return when the Government was in a position to discuss the situation further.

The key question now is whether the Government is prepared to give financial assistance, bearing in mind Chrysler U.K.'s obviously deep difficulties, and if so how much and on what terms.

There is great pressure from many sections of the Labour Party, particularly the Left, that any Government aid should be conditional on a State equity holding.

But more important, perhaps, is the sum of money which Chrysler would be prepared to accept to keep its U.K. operation in being and to save a proportion of its 25,000 jobs.

Labour MPs from constituencies with Chrysler workers stressed last night after meeting Mr. Riccardo that the ball was now in the Government's court.

Clearly, however, there could be a considerable gap between what the Government might be prepared to offer, and the apparent demands of Chrysler for a figure believed to be in the region of £100m.

The extent of the company's proposals was highlighted last night to Labour MPs who said htat Mr. Riccardo told them that Chrysler could scarcely have afforded to pay the interest on

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ON OTHER PAGES

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LOMBARD

If the 'rat race' is over

BY C. GORDON TETHER

Quite the most significant poll result to have surfaced during the past few months is that which revealed that the great majority of Norwegians thought that their standard of living was too high and now yearned for "a quiet and simple life with only the essentials, a limited income and limited possibilities for a career."

For it confirms other indications that the "rat race" mentality which has played a considerable part in fuelling the great economic growth achievements the affluent world has clocked up during the past 20 years is on its way out. And if, as seems probable, this "sea change" is encouraged by the disorienting effect on human behaviour patterns of the world-wide recession, it is clearly going to be much more difficult than has hitherto been assumed to set a recovery in motion on the basis of the present approach to the problem.

People are, of course, notoriously apt to become suddenly imbued with starry-eyed idealism when they are called upon to engage in self-reflection on their current life style. And it is, therefore, a safe assumption that, in their day-to-day contact with the realities of living, the Norwegians would be found somewhat less ready to start forgoing the benefits of affluence than they made themselves out to be in the opinion poll.

At the limit

Yet the weight and decisive character of the vote for a new life-style—76 per cent.—does suggest at the very least that enthusiasm for attaching top priority to the advancement of the standard of life in material terms is beginning to wane in a country that has been in the forefront of the great race to put on the best growth performance. And it seems highly unlikely that this is confined to Norway. Indeed, there is a not unimpressive amount of evidence that the same phenomenon has begun to make itself felt in many other parts of the affluent world.

There is no difficulty in seeing that part of the explanation for this lies in the fact that an increasing number of people in the advanced world have found in recent years that affluence has gone about as far as it can reasonably go. When the family has acquired the full range of standard durable consumer goods, an adequate residence and such living-standard embellishments as a boat to while away week-end leisure hours, there is not much more to go for in the "keeping up with the Joneses" sense—in short the incentive to be more productive becomes blunted.

But this may be far from being the whole story. There are also indications that part of the explanation may lie in people's growing awareness that the quality of life is worsening. "Of all the changes in our background awareness," wrote the American philosopher and social scientist Robert Heilbroner in 'The Human Prospect,' "perhaps none is so important as this. "For a long time," he said, "observers—sceptical of the panacea of growth—have wondered why their contemporaries, though three, five or ten times richer than their grandparents, did not seem to be three or five or ten times happier or more content or more richly developed as human beings."

He then went on to make a point of the greatest importance. It was that "this scepticism, formerly the preserve of a few philosophically minded critics, has now begun to enter the consciousness of large numbers of men and women." For if this is indeed the case, we may stand on the threshold of amajor change in behaviour patterns in the advanced world of most far-reaching significance for its economic future.

Their values

And, as I said at the start, it is quite conceivable that such a turn will be given additional impetus by the backwash on human behaviour patterns of the global economic crisis. This is not only because this has broken what had become a well-established habit throughout the affluent world—taking a year-by-year advance in living standards for granted. It is also because the considerable enforced pause in economic growth has provided people with an opportunity and an encouragement to re-examine their values.

If they come to the conclusion, as the Norwegians seem to have done, that there are other things of greater importance in life than perpetually participating in an orgy of "consumerism," the great economic growth movement in the industrialised world is not likely to be resumed unless new methods can be found to stoke up the boilers.

Herein is to be found one of the best reasons why affluent countries might do well to take a much keener interest than they have up till now in the "new international economic order" idea. For it could provide a substantial part of the answer to the resulting problem—by putting our excess industrial capacity to work in developing the Third World.

RACING BY DARE WIGAN

Handa promises to be the best

ALTHOUGH THE prize money at Teesside to-day is meagre, several animals of reasonable class will be in action, one of these being *Handa*, a grey filly by Roan Rocket, whom Bruce Hobbs trains for Mr. David Wills.

Handa, half-sister to those fast animals Mange Tout and Rose Dubarry, has run well in all her three races against opposition far stronger than she encounters here.

I shall be surprised if she does not provide Geoffrey Lewis with a winning ride in the Lustram Beck Plate (2.30).

Another promising two-year-old filly is *Truly Yours*, which Sam Hall saddles for the Stainsby Beck Fillies Plate (1.05) rather than taking on *Handa* later in the afternoon. That seems a wise decision and I expect *Truly Yours* to justify it.

Alverton, a versatile performer, served notice that he was going to be a force to be reckoned with over hurdles this winter when finishing fourth behind Majesty in a good-class handicap at Doncaster last month.

A reproduction of that form would probably be good enough to guarantee success in the Londonderry Handicap (2.00).

Purple Princess would only have to recapture early-season form in order to land the North Yorkshire Handicap 3.00).

String Along, who divided Regal Twin and Tuesday's Leicester winner, Two Good, in a close finish at Nottingham 10 days ago, can enhance her considerable stud value by scoring in the Durham Plate (3.30).

There will be plenty to interest jumping enthusiasts at the second stage of the Newbury meeting, not least the performance of Zongalero in the Hallo'een Novices Chase (2.00).

I am certain that this big, long-striding horse will make a name for himself over fences, but he may be in need of a race and on this occasion I prefer the chance of *Santon Brig*, one of several promising young chasers trained by Tony Dickenson at Gisburn, Lancs.

Apple of My Eye, successful over three miles at Cheltenham last month, has Croftamie to beat in the Chequers Opportunity Handicap Hurdle (3.00).

Fred Winter looks like taking the Curridge Handicap Chase (1.30) with *Cool Affair* and the Winterbourne Chase (2.30) with *Osbaldeston*. *Gunner Smith* is preferred to Buckie in Div. Two of the Wood Speen Novices Hurdle (3.30).

At Uttoxeter, I like the look of *Capuchin* in the Audlem Opportunity Handicap Chase (1.15) and course-specialist *Roaring Wind* in the Eccleshall Handicap Hurdle (3.15).

TEESSIDE
1.00—Truly Yours**
2.00—Alverton
2.30—Handa***
3.00—Purple Princess
3.30—String Along*

NEWBURY
1.30—Cool Affair
2.00—Santon Brig
2.30—Osbaldeston
3.00—Apple of my Eye
3.30—Gunner Smith

UTTOXETER
1.15—Capuchin
3.15—Roaring Wind

SALEROOM BY ANTONY THORNCROFT

£219,780 manuscript

A NEW world record price for any book or manuscript was set yesterday in Zurich when Sotheby's sold an autograph manuscript written around 1160 by Maimonides, the greatest Jewish philosopher and codifier of the Middle Ages, for £219,780.

It came from the collection of Hebrew manuscripts of the late David Sassoon, contained part of Maimonides famous code "Mishne Torah," and was bought by the Hebrew University of Jerusalem.

David Solomon Sassoon, who died in 1942, was one of the many grandsons of David Sassoon who moved from Baghdad to Bombay in 1832 and established a mercantile and banking empire in the east comparable to the Rothschilds in Europe. His descendents have made their mark in England: entering Parliament, marrying into the aristocarcy, and gracing our literature.

This collection of Hebrew and Samaritan manuscripts is probably the finest Jewish library in the world. David Solomon Sassoon started collecting when he was 13 and eventually amassed 1,150 manuscripts. His family sold off 38 yesterday, and established a new world record for an auction of manuscripts easily beating the £403,500 bid in 1974 for the Hornby collection with a total of £1,028,022.

Apart from the new record for an individual manuscript, overhauling the £200,096 set in Paris in 1973 for Oudry's 273 original drawings for La Fontaine's Fables, there were other exceptional prices.

The Hebrew University, which in all bought six items, paid £210,465 for the Damascus Pentateuch, written in the Oriental square of the 9th century, and believed to be the oldest manuscript in existence containing a large portion of the Bible in Hebrew (the Dead Sea scrolls survive in fragments on papyrus).

The university also paid £106,227 for the Passover Haggadah, written in Spanish around 1300, and one of the earliest surviving Hebrew illuminated manuscripts.

There was a quick return to modern times in a subsequent Zurich sale of Russian and Continental autographs and manuscripts which totalled £48,861 and had a top price of £3,119 for two autograph leaves from a Karl Marx notebook, written in English and German in the London of the 1850s.

By contrast, the sales in London were more modest, although Christie's managed some very good prices in a clocks and watches sale which realised £73,809. The highest price, and above forecast, was the £3,045 given by a private buyer for a Dutch walnut automaton long-case clock

Bill Davies challenged on National

By Michael Thompson-Noel

THE INTERMINABLE SAGA of Aintree and the Grand National was given a fresh twist yesterday when Sir Desmond Plummer, chairman of the Horserace Betting Levy Board, challenged Aintree's owner, Mr. Bill Davies, not to let the big race die.

"I cannot help feeling that Mr. Davies is more concerned with retrieving his personal financial position than with saving the Grand National," Sir Desmond said.

Talks between the two sides over the future of Aintree have apparently broken down. The Levy Board has been negotiating with Mr. Davies's Liverpool-based Walton Commercial Group to buy the course or run next year's National for a nominal fee.

The Walton Group said yesterday that the asking price for Aintree remained £3m. — the price it originaly paid. The Levy Board has offered £400,000.

As an alternative Mr. Davies has suggested that the Levy Board might pay an annual rental of £200,000, leaving the income from television fees to Walton itself.

Sir Desmond said yesterday: "I will be extremely sorry if the Grand National is not run in 1976, but we cannot save the race regardless of cost."

"Mr. Davies is on record as saying that the survival of the Grand National is a matter of public importance to the British people.

TV/Radio

† Indicates programme in black and white.

BBC 1

9.41 a.m. For Schools, Colleges. 12.25 p.m. On the Move. 12.30 Pen Dawr Byd. 12.55 News. 1.00 Pebble Mill. 1.45 Ragtime. 2.02 For Schools, Colleges. 3.38 Regional News (except London). 4.00 Play School. 4.25 Barbapapa. 4.30 Jackanory. 4.45 Blue Peter. 5.10 John Craven's Newsround. 5.15 Salty. 5.40 Magic Roundabout.
5.45 News.
6.00 Nationwide.
6.45 To-morrow's World.
7.10 Top of the Pops.
7.45 Ken Dodd's World of Laughter.
8.30 Mastermind.
9.00 News.
9.25 Switch.
10.15 The Changing Face of Medicine.
11.05 To-night.
11.40 Regional News.

All Regions as BBC 1 except at the following times:—

Wales—12.30-12.45 p.m. Refferendwm. 12.45-12.55 Referendum Results. 5.15-5.40 Billdowcar. 6.00-6.45 Wales To-day. 6.45-7.10 Heddiw. 11.40 News for Wales.

Scotland—9.41-10.01 a.m. For Schools in Scotland. 6.00-6.45 p.m. Reporting Scotland. 11.40 Scottish News Summary.

Northern Ireland—2.40-3.00 p.m. For Schools in Northern Ireland. 3.58-4.00 Northern Ireland News. 6.00-6.45 Scene Around Six. 11.05-11.55 Viennese Promenade. 11.55 Northern Ireland News Headlines.

England—6.00-6.45 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth).

BBC 2

11.00 a.m. Play School.
6.15 p.m. Open University.
6.40 Avventura.
7.05 Open University.
7.30 Newsday.
8.10 Explorers: Captain Cook.
9.00 Spike Milligan.
†9.30 Midweek Cinema: "The Browning Version," starring Michael Redgrave.
10.55 Film Night.
11.20 Newsnight.
11.35 Closedown: Gary Watson reads "Song" by Ted Hughes.

LONDON

9.30 a.m. Schools Programmes. 12.00 Animal Kwackers. 12.10 p.m. Mr. Trimble. 12.30 Freeze! 1.00 First Report: News, plus FT index. 1.20 Lunch-time To-day. 1.30 Crown Court. 2.00 Good Afternoon. 2.30 Couples. 3.00 Justice. 3.55 General Hospital. †4.25 Children's Film Matinee: Stan Laurel, Oliver Hardy in "Bohemian Girl."
5.50 News.
6.00 To-day.
6.35 Crossroads.
7.00 The Six Million Dollar Man.
8.00 This Week.
8.30 Get Some In!
9.00 The Stars Look Down.
10.00 News.
10.30 Orson Welles Great Mysteries.
11.00 Take Two.
12.00 What the Papers Say.
12.15 a.m. Conscience Without God.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Women Only. 4.25 The Romper Room. 4.55 Fantastic Voyage 5.20 Supersonic. 6.00 About Anglia 6.20 Arena. 12.30 Switched on in Ipswich. 11.00 Sounding Brass. 11.30 The Living Word.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 4.25 Feature Film: "Gulliver's Travels" 6.00 ATV Today. 7.00 Space 1999. 10.30 For Adults Only: "Rachel, Rachel," starring Joanne Woodward.

BORDER

†1.30 p.m. Border News. 2.00 Women Only. 4.25 Lassie. 4.50 The Lone Ranger 5.20 Supersonic. 6.00 Border News and Lookaround. 10.30 The Collaborators. 11.25 Arts Bazaar. †11.55 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 4.25 The Osmonds. 4.55 Castaway. 5.20 University Challenge. 6.00 Channel News. 6.30 Election '75 — The Senators? 10.30 Speak Out Special. 11.00 Sounding Brass. 11.30 News and Weather in French.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 2.00 Women Only. 4.25 Survival. 4.55 The Beachcombers. 5.20 Supersonic. 6.00 Grampian Today. 7.00 Space 1999. 10.30 Sportscall. 11.15 His Face Is Familiar. 11.45 Evening Prayers.

GRANADA

1.20 p.m. This Is Your Right. 4.25 The New Land. 5.15 Dodo. 5.20 Crossroads. 6.00 Granada Reports. 6.35 Midweek Movie: "The Great Ice Rip-Off," starring Lee J. Cobb. 10.30 Reports Action. 11.00 What The Papers Say. †11.20 Twilight Zone. 11.45 The Challenging Sea.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 4.25 Lost In Space. 5.20 Help! 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.35 The Best In The West. 10.30 A Tale of Three Bristols. †11.00 The Late Film: "Seven Women From Hell."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 Penawdau Newyddion Y Dydd. 4.25-4.50 Ble Yn Y Byd . . . ? 4.50-5.20 King Kong. 6.01-6.15 Y Dydd. 6.35-7.05 Sports Arena. 10.30-11.00 They Are—A look at the community of Cardiff's dockland.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.35 Sport West.

SCOTTISH

†1.20 p.m. Road Report. 2.00 Housecall. 4.25 The Flintstones. 4.50 The Adventures in Rainbow Country. 5.20 Babar. 5.25 Crossroads. 6.00 Scotland To-day. 6.35 The Adventurer. 7.00 Space 1999. 10.35 Fit To Last. 11.00 Late Call. 11.05 Dilemma.

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 4.25 The New Land. 5.20 Betty Boop. 5.25 Crossroads. 6.00 Day By Day. 6.45 The Odd Couple. 7.15 Miss Southern Television. 10.30 The Late Thursday Film "Maniac." 12.05 a.m. Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. Lunchtime News and Lookaround. 4.25 The Lone Ranger. 4.50 The Partridge Family. 5.20 Supersonic. 6.00 To-day at Six. 7.00 Space 1999. 11.00 The Northerners. 11.40 Epilogue.

ULSTER

1.20 p.m. Ulster News Headlines. 4.23 Ulster News Headlines. 4.25 Lost in Space. 5.20 Supersonic. 6.00 UTV Reports. 7.00 Space 1999. 10.30 Look Up. 11.00 What's It All About?

WESTWARD

1.20 p.m. Westward News Headlines. 4.25 The Osmonds. 4.55 Castaway. 5.20 University Challenge. 6.00 Westward Diary. 10.30 Westward Report. 11.00 Sounding Brass. 11.30 Westward Late News. 11.35 West Country Jobfinder. 11.38 Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 4.25 The Lone Ranger. 4.50 The Partridge Family. 5.20 Supersonic. 6.00 Calendar. 7.00 Space 1999. 10.30 Emmerdale Farm. 11.25 Arts Bazaar.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Paul Burnett. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 As Radio 2. 11.00 John Peel (S) (also on VHF). 12.00 As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. (VHF). 11.30 Jimmy Young (S). 1.55 p.m. Good Listening (VHF). 2.02 p.m. David Hamilton (S) as Radio 1, but including on 1,500m only (also 202m Scotland). 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Sam Costa (S) including 5.45 Sports Desk. 7.02 Pop Score. 7.30 Folk 75 (S). 8.02 Folkweave (S). 9.02 Wally Whyton's Country Club (S). 11.02 Sports Desk (1,500m only, also 202m Scotland. VHF Joins Radio 1). 11.05 Don Durbridge (1,500m only, also 202m Scotland) VHF Joins Radio 1). Music to Midnight. 12.00 Midnight News.

RADIO 3 464m, Stereo & VHF

7.00 a.m. News. 7.05 Overture. Mozart, Haydn (S). 8.00 News. 8.05 Morning Concert: Mendelssohn, Tchaikovsky, Weber (S). 9.00 News. 9.05 This Week's Composer: Schumann (S). 9.45 Allegri String Quartet, part 1 (S). 10.35 Interval Reading. 10.40 Allegri String Quartet, part 2. 11.25 BBC Welsh Symphony Orchestra, part 1 (S). 12.00 Words. 12.05 p.m. Concert, part 2: Schumann (S). 1.00 News. 1.05 Bradford Mid-day Concert: Schumann, Britten. 2.00 A Beethoven Concert, part 1 (S). 3.40 Ravel (S). 4.35 Franz Tunder (S). 5.25 Pied Piper (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: The Wider World. 7.30 Haydn's "The Seasons": Oratorio in four acts, part 1 (S). 8.40 The Perfect Year (talk about Haydn). 9.00 "The Seasons," part 2. 10.20 David Jones, poet and painter. 11.10 "Le Cimetière Marin": symphonic poem by Farrein Valén (S). 11.25 News.

RADIO 4

434m, 330m, 285m and VHF

‡ Medium Wave only.

6.20 a.m. News. 6.22 Farming To-day. 6.40 Prayer for the Day. 6.45 To-day: 6.50 VHF Regional News and Weather. 7.00 News, more of To-day: 7.27 Sports Desk. 7.35 To-day's Papers. 7.45 Thought for the Day. 7.50 VHF Regional News. 7.55 Programme news. 8.00 News, more of To-day: 8.27 Sports Desk. 8.35 To-day's Papers. 8.45 Yesterday in Parliament. 9.00 News. ‡9.05 These You Have Loved. ‡10.00 News. ‡10.05 From Our Own Correspondent. 10.30 Daily Service. ‡10.45 Morning Story. ‡11.00 News. ‡11.05 If You Think You've Got Problems! 11.50 Sounds Puzzling. 12.00 News. 12.02 p.m. You and Yours. 12.27 My Word! (S). ‡12.55 Weather, programme news: VHF (except London and S.E.) Regional News and Weather. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (2 from 2.00) including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre: "The Link." 3.50 Jack de Manio Precisely including 4.00-4.05 News. 4.35 Story Time: "Summer of the Seals" (part 4). 5.00 PM Reports. 5.50 Financial Report; VHF Regional News. 6.00 News. 6.15 Just a Minute. 6.45 The Archers. 7.00 News Desk. 7.30 Any Answers? 8.00 I Loathe Being Called George: Bernard Shaw and the BBC. 8.45 Analysis: Reform of our Electoral System. 9.30 Kaleidoscope. 10.00 The World To-night. 10.45 A Book at Bedtime. 11.00 The Financial World To-night. 11.15 To-day in Parliament. 11.30 News.

For Schools (VHF only)—9.05 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Downtown. 11.03 In Town. 12.03 p.m. Call In. 12.45 London News Desk. 2.03 206 Showcase. 4.03 Sound Out. 4.32 Home Run including 5.00 and 6.00 p.m. London News Desk. 7.00 In Town. 8.00 Rail. 8.30 In Concert. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 As Radio 2.

London Broadcasting

261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "AM"—Breakfast-time Show. 10.00 George Gale—talking to London. 12.00 Newswatch. 2.00 p.m. Newswatch—second edition. 5.00 Newsbreak. 7.30 Music in Stereo. 9.00 Robin Houston's Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour.

Capital Radio

194m and 95.8 VHF

6.30 a.m. The Breakfast Show. 9.00 Michael Aspel presents music, guests, competitions and "Swapshop." 12.00 Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 London To-day. 7.30 Open Line. 9.00 Your Mother Wouldn't Like It (Rock Show). 11.00 Tony Myatt and his late night show. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,924

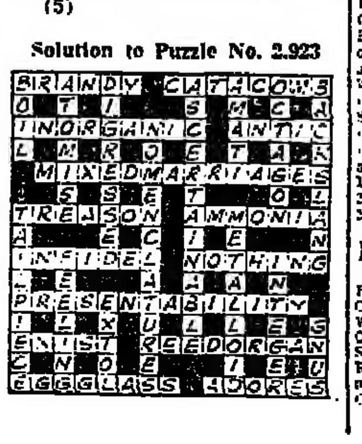
ACROSS

1 Plucky, determined and equal to the final words in court (4, 3, 3, 5)
9 A bit of land in church (5)
10 Female listener or comptroller (9)
11 Part of wardrobe selected for the fat (5)
12 Painting beam in gate (9)
13 Concerning riding or processing again (9)
16 Melody edition published abroad (5)
17 Chew ... with politician (5)
18 Young son moved gradually ... is safe (4-5)
20 Bounder ... mother for ... (9)
22 Clothes line and pole (5)
23 Deep involvement in ducking (9)
24 Falls in spots (5)
25 Senior officer incorrectly may bless the highest church court (7, 8)

DOWN

1 Note on French love provides enchantment (7)
2 Young male sailor or artisan (6, 9)
3 Woman in garden is rising to sift (5)
4 Treading roughly on cargo-boat with fish (9)
5 Given a direction concealing the lowest point (5)
6 Order me to do car for vehicular procession (9)
7 Weapon which could make them go by her bond (3, 5, 4)
8 Hastened to sell aggressively (7)
14 Old wine-waiter caught up with Indian servant (9)
15 Note ancient explosive devices in sources of great profit (4-5)
17 Blaspheming and making the dog howl (7)
19 Day without a nasty following of family rulers (7)
21 Exercise makes doctor sick (5)
22 Deposit in the porter's room (5)

Solution to Puzzle No. 2,923



Covent Garden

Baryshnikov

by CLEMENT CRISP

With his last performance as Romeo on Tuesday, Mikhail Baryshnikov told us more about his gifts than he had even at his sensational début a brief ten days before. The freshness and spontaneity, so impressive on the first night, were still there, but the characterisation has become more vivid and—incredibly—younger. This Romeo seems little more than a boy, excited by life and touchingly unsure of his social manners. His first sight of Juliet at the Capulet's ball as she dances with Paris is bright with enthusiasm: he dances for her, and with her, because convention means nothing to him; when the measures of the gavotte bring them together again he is amused at how they can flout her parents' wishes and he holds her hand with conspiratorial delight. As he dashes off with his friends at the end of the ball, his farewell bow to Lord Capulet is a conscious remembering of the good manners necessary to a young nobleman. The scenes leading up to the balcony duet are all lightly, happily played; only when he and Juliet can express their common joy does enthusiasm acquire emotional weight, and his passion pour out in one extraordinary long phrase of buoyant, astounding dancing, as quick and airborne as Shakespeare's "With love's light wings did I o'er-perch these walls."

This boyish ardour is sustained throughout much of the second act. He is as playful as a young puppy in the first scene, and when he dashes to Friar Laurence the impetus of his happiness makes him almost topple forward—eager steps towards the Friar have to be checked as he realises he must not break into his prayers. We sense his physical passion for Juliet as he stretches out to hold her, but there is also a feeling that this is little more than an extension of a marvellous game that they are playing. Only after his dreaming return to the brawling square and the Mercutio/Tybalt deaths (Baryshnikov, incidentally, the only man on stage who knows how to hold himself in duelling) does reality break into his dreams.

The maturity that ensues is very sensitively conveyed in the bedroom scene with Juliet; there is a quality in Baryshnikov that rarely surfaces—a ferocity, the sudden revelation of a hard physical identity—which we glimpse in his duelling, and also in the tense grip with which he can hold Juliet at moments of crisis. And at the end, his despair in the tomb culminates in the beautiful timing of his death. A last glance at Juliet's body and the turn of the head is completed with a swift gulping down of the poison—not overtly dramatic, but utterly inevitable and right.

In everything I have seen Baryshnikov do during this visit, there is this same sense of rightness. One is at times bemused by the purity of the technical performance, by the ease with which prodigies of dancing hang in the air, by the lightness and fluency with which marvels happen. One is held completely by the dramatic intelligence—the whole body speaks, not least the hands — and by the unforced simplicity of pose. It is in no way an emphatic or greedy style: Baryshnikov, like Makarova, clothes dramatic genius with Kirov aristocracy. Feeling is focused in the power of a flawlessly trained body; beyond technique lies artistry, and a kind of divine freedom to show us the essence of character and emotion. Like Makarova, Baryshnikov has much to gain from the Royal Ballet's repertory — *Fille*, *Two Pigeons*, Lescaut in *Manon*, Oberon, and how much more, are made for him—and we have as much to gain from his presence in London as we have from hers.

Book Reviews will appear in to-morrow's paper

Mikhail Baryshnikov and Merle Park

Anthony Crickmay

Margaret Lockwood, Paul Daneman and Barrie Ingham in 'Double Edge,' a new thriller that opened last night at the Vaudeville

Record Review

Verdi's London opera

by ELIZABETH FORBES

Verdi. I masnadieri Caballe, Bergonzi, Cappuccilli, Raimondi/Ambrosian Singers/NPO/Gardelli. Three records in box. Philips 6703 064. £6.50 (till January 31, 1976).

Verdi 31 Tenor Arias Bergonzi/Ambrosian Singers/NPO, RPO/Santi, Gardelli. Three records in box. Philips 6747 193. £6.50 (till January 31, 1976).

I masnadieri, the opera written specifically by Verdi for London, was first produced at Her Majesty's Theatre on July 22, 1847, in the presence of the Queen, Prince Albert, the Duke of Wellington and many other notabilities. The composer conducted. The première seemed a great success, but only three more performances (one conducted by Verdi, two by Balfe) were given, and after a number of other stagings in Italy and elsewhere, *I masnadieri* languished until the post-war resurgence of interest in Verdi's lesser known works led to several revivals, including one at the St. Pancras Festival of 1962.

The subject, taken from Schiller's drama *Die Räuber* (The Brigands), was originally proposed for Florence, but the company there had no suitable tenor for the role of Carlo Moor, and *Macbeth* was substituted instead. For London, Verdi at first suggested an opera based on Byron's poem *The Corsair*, but his enthusiasm for that idea cooled, the Schiller plot was agreed upon, and *Il corsaro* eventually came to birth the following year at Trieste. The libretto for *I masnadieri* was entrusted to Count Andrea Maffei, who wrote more literate verse than some of Verdi's usual collaborators, but who also left too many philosophical loose ends in his text. Verdi, at that time, was not yet able, as he did so memorably 20 years later in *Don Carlos*, to bridge these psychological gaps with his music.

The other main weakness in the opera's construction was caused by the very factor that at first gained it an illusory success: the presence of Jenny Lind in the original cast. Because of the misuse and overwork to which she had subjected her voice at the beginning of her career, Lind, then not quite 27 years old, had a weak, rather ugly lower register, and found difficulty, despite phenomenal breath control, in sustaining notes at any great volume. So Amalia is given high, fleet, decorative music, cascading with trills and other embellishments, that leaves her something of a dramatic nonentity. The opera has many interesting features and much splendid music—what Verdi score has not?—but they are mostly a masculine prerogative.

In the Philips set—the first complete recording of the opera to be made—Carlo Bergonzi is fully committed to the introspective, complex character of Carlo Moor; not only does he sing the lyrical music very beautifully—in particular the romanza "Di ladroni attorniato"—but he also brings real depth of feeling to the tortured recitative in which Carlo wrestles with his conscience. As Francesco, the younger, villainous, baritone Moor brother, Piero Cappuccilli sings his opening, somewhat conventional aria forthrightly enough, but shows unexpected subtlety in Francesco's Dream of the Day of Judgement and in his scene with the priest Moser (*Maurizio Mazzieri*), one of Verdi's most striking baritone/bass duets.

Montserrat Caballé sings ravishingly as Amalia, performing prodigies of vocal trapeze-work, and attempting, whenever possible, to make a three-dimensional, living character out of cardboard. She succeeds best in her respective duets with the two brothers, first repelling Francesco's dishonourable advances; then later rapturously greeting Carlo on his return from exile. Ruggero Raimondi conscientiously injects a hollow tone into his firm, young-sounding bass voice to suggest the age and frailty of Massimiliano (Old Moor): his description—or rather Verdi's description—of being buried alive is literally hair-raising.

The Ambrosian Singers vividly portray the Brigands ("Pillage, rape, arson, killing, for us are pastimes, sheer amusement," is Lionel Salter's splendid translation puts it); their music has some of that ironic flavour that Verdi later used for the courtiers in *Rigoletto*, and one's sympathies are entirely on their side when they insist that Carlo keep his oath to remain their leader, thus precipitating the final tragedy, in which Carlo stabs Amalia and rushes off "To the gallows!" But the person chiefly responsible for making this one of the most enjoyable recordings of a complete Verdi opera in the current catalogue, is Lamberto Gardelli, who conducts with great verve, style and an unerring sense of pace, and draws muscular playing from the New Philharmonia.

Bergonzi's Verdi recital, taken in small doses, is as good as a tonic. The complete canon, from *Oberto* (1839) to *Falstaff* (1893) is represented, with the exceptions of *Nabucco* (no tenor aria), *Jérusalem* and *Stiffelio* (their respective alternative versions, *I lombardi* and *Aroldo*, are included). Apart from a couple of adjustments due to side lengths, the 31 pieces are in chronological order, and provide a fascinating illustration of the development in Verdi's style over the 44 years of his active career. Even more clearly brought out are the constant characteristics which persist in his vocal writing, and this unchanging element is stressed by the use of only one singer.

Bergonzi responds amazingly well to the varying demands of the music. Though a fine Duke of Mantua, Manrico, Alfredo, Riccardo, Alvaro and Radames, he is at his best in the less well-known operas, as if the challenge of unfamiliar music provoked a deeper involvement. Oronte's cavatina from *I lombardi*, Jacopo's prayer from *I due Foscari* and Carlo's vision from *Giovanna d'Arco* are examples of elegant lyricism, while the arias from *Alzira*, *Il corsaro*, *La battaglia* and *Aroldo* display a more robust style and tone. The recitatives to Rodolfo's romanza from *Luisa Miller* and to Arrigo's aria from *Les Vêpres siciliennes* (sung in Italian) are superbly enunciated. Most rewarding of all are the excerpts, two each, from *Attila* and *I masnadieri* (taken from the complete recordings): these are conducted by Gardelli—see remarks above. The rest are stolidly accompanied by Nello Santi.

Both sets are well recorded with good, natural balance between singers and orchestra. Full texts, translations and notes are provided, the essay on *I masnadieri* by Julian Budden being of particular interest.

The Entertainment Guide is on Page 14

Congress Theatre, Eastbourne

Kent Opera

by GILLIAN WIDDICOMBE

Plucky little Kent Opera singing in English and opening in Eastbourne, present three classic tales of the profligacy of bygone times. From the 19th century, there is *Rigoletto*, in an interesting, attractive new production by Jonathan Miller; from the 18th, *Don Giovanni*, in a re-hash of Norman Platt's 1972 production; and from the 17th, the only one in which morality is not rewarded by retribution, *The Coronation of Poppea*, in Roger Norrington's sensible edition, already praised on this page, and heard at the Proms a couple of months ago. Roger Norrington conducts all three productions, with particular and, perhaps surprising, success in the Verdi, which was rhythmically lively and melodically fresh on Tuesday.

Jonathan Miller's *Rigoletto* is as good and stimulating as his *Cosi fan Tutte* (with the same company, last season) was boring and disagreeable. He has transferred the setting, as is his bent, to the frock coats and prim gowns of the 19th century. The Duke of Mantua's private apartments could be an upstairs corridor in a London club; and Sparafucile roams the streets, like Jack the Ripper in Islington. Prurience is added by the suggestion that Gilda's meek little dress has been wrenched to the waist in the Duke's room — though only a natural flirt would show so much bare back and shoulder for so long. Dr. Miller also enjoys himself with one visual gimmick that would work better on television: In the street, huge shadows are cast by those approaching — thrown by gas lighting?

The changed setting is part loss, part gain. It seems odd, in this context, that Monterone should be executed for objecting to his daughter's seduction; and surely the popular joker in this men's club society would have been a dandy, not the large bearish Rigoletto, as unkempt and scruffy as a Waterloo Bridge cockney fiddler. However, Dr. Miller does make the excellent point that the Duke, having fallen genuinely in love with Gilda's innocent and loving qualities, only reverts to his usual cad-like behaviour when she is brought into his own environment, where (with courtiers waiting) a quick, triumphant seduction is obviously expected of him. Indeed, the Duke is an unusually sympathetic character in this production, which makes Gilda's in-spite-of-it-all self-sacrifice quite plausible.

Musically, the cast contains both character and ability. David Hillman's Duke leads confidently; he is handsome, charming, vain and sings with elegance and a light, honeyed tone, save for a tired spell in Act 2. The Rigoletto is an outstanding discovery—the young Australian, Jonathan Summers, making his stage debut, apparently. The voice has colour, strength, subtlety; and he copes admirably with those twin pitfalls of operatic acting, surprise and horror. His daughter is a tiny, talented soprano, Meryl Drower, who sings the familiar arias with flute-like clarity, lovely timing, and tender, heart-beating expression. Sarah Walker and Malcolm King make a likeably lusty pair as Maddalena and Sparafucile; and the last act is convincingly staged—which, in this shallow, awkward, modern theatre, is almost a miracle. The set is a stock flat, with added staircase; but Bernard Culshaw's handsome costumes add the illusion of luxury. It seems unlikely that such a thin, young orchestra could do justice to the plump, brassy tone of middle Verdi; but the playing is incisive, carefully balanced, and clean, and caps a thoroughly well-made evening.

Don Giovanni is less successful. Its subject is not only profligacy but also blasphemy—a point very hard to make to-day without the means to stage effectively both scenes concerning the dead Commendatore. Here we have just another silly little statue, and some clumsy strobe lighting for the catastrophe. Nor does Norman Platt sieze on that other secret of *Don Giovanni*: that its dramatic scheme is a series of unfortunate confrontations and brief deceptions; and that the music frequently expresses reluctance and surprise. Rather, he cast Giovanni as a cold-blooded murderer, who accepts his stony guest's appearance like a gentleman, pouring himself another glass of wine, and leaning casually against the table. Giovanni escapes from the finale of Act 1 by taking Don Ottavio's gun out of his hand, which is tame. Peter Knapp sings the role in a darkening baritone, but plays it so shyly that it is hard to imagine some 2,000 women behind him.

So this is a production in which Leporello is the dominant character; and Thomas Lawlor's amiable, amusing performance is much aided by Norman Platt's saucy translation, which contains many neat, funny rhymes, and actually raises risque chuckles in Eastbourne. The evening's best singing comes from Neil Jenkins as an elderly but not ridiculous Ottavio—the arias smoothly sung, with one or two tactful decorations. The women are led by a delightful Zerlina from Susanna Ross, the voice sweet, the appearance feminine. Sylvia Rhys-Thomas is a wavery Anna, and the woes of Elvira were afflicted by bronchitis on Monday.

Derby Playhouse

Hamlet

by B. A. YOUNG

Derby's new Playhouse, having opened with a musical to draw the crowds, continues with *Hamlet*, the best play in the language. There are 535 seats in the auditorium, and on Tuesday all of them were occupied, by a young audience who showed exemplary attention.

The production, under Mark Woolgar's direction, pays notably intelligent attention to the words; there is hardly a line where I would quarrel with the intonation. On the other hand, none of the acting is particularly subtle. Nickolas Grace is a very princely Hamlet, with the authoritarian personality proper to an heir-apparent angry at his stepfather's having popp'd in between the election and his hopes. His big speeches are most musically spoken, though he is given to occasional excesses of gesture such as he would specifically have forbidden to the Players if that speech hadn't been cut. (The Players take advantage, and overact like mad.) At the words "But vengeance!" Mr. Grace's upraised hands had for me an unfortunate suggestion of Al Jolson.

The Queen is a sweet middle-aged lady in Doreen Mantle's rendering, without a trace of vice about her—sometimes moving (as in her account of Ophelia's death) and sometimes barely adequate to the Court situation. Claudius is given to sexy embraces with her in the throne-room; no doubt he found such a pliable character to his liking, for as Barry Warren does him he shows a very dominant character. He also shows dignity, never more than when he moves the point of Laertes' rapier from his throat with a cool gesture, explaining that there's a divinity doth hedge a king, etc. Mr. Warren also plays a good solid Ghost with no gimmicks about him but the chest-mike modifying his voice.

There is an imaginative Polonius from Michael Burrell, much given to reading from documents that give a new twist to his lines. He retains in his second childhood authority enough to account for Claudius' retention of him as Chancellor; Laertes and Ophelia (Christoper Neame and Jane Wymark) are still a bit scared of him. Miss Wymark sings her songs prettily but hardly suggests the kind of trendy girl this Hamlet would go for.

Paul Kelly's Horatio, on the other hand, matches Hamlet well, no earnest scholar in the current fashion but a butch young man who in other circumstances would have played Poins to Hamlet's Hal. Mr. Woolgar overdoes the Rosencrantz-Guildenstern confusion; Hamlet, whose best friends they once were, would never have mixed them up.

Joe Vanek's permanent set, a kind of angular Chinese Chippendale construction, seemed to me ugly, irrelevant and intrusive. The best I can say is that it gets people to the right place at the right time. The para-military costumes are of no special period but serve to emphasise characters. Hamlet, though, shouldn't be in his neat black suit when he comes from the ship to the churchyard, but in his sea-gown scarf'd about him.

St. John's, Smith Square

Camerata Lysy

by DOMINIC GILL

The Camerata Lysy is a chamber string orchestra drawn from the students and staff of the Swiss-based International Academy of Chamber Music, directed by the Argentinian violinist and Menuhin-pupil Alberto Lysy. The third of five concerts which Mr. Lysy and his Camerata are giving at St. John's this week was an enterprising programme of solo, duo and concerted works ranging from Xenakis and a new commission from the British composer David Rowland, to Couperin and Bach.

Mr. Lysy himself began the evening with an hors d'eouvre of two little-known French violin sonatas—the first by the Belgian composer and Franck-pupil Guillaume Lekeu, who died a tragically early death at the age of 24 in 1894, a work of great charm and youthful intensity which takes obviously after its master without ever falling into any of the more obvious pitfalls of pastiche; and the second, an early unpublished sonata by Ravel, dating from 1897, probably performed in the same year at the Conservatoire by Enesco and the composer, but "for whatever reason," as our programme note remarked, "never heard of again." One of the reasons may have been that it is not very good Ravel, nor even a very good sonata: but it has a deftness, and an attractive lightness, to its invention that made it at least a pleasure (as well as a curiosity) to hear.

David Rowland's *Serenata per la Niscita* for solo string quartet and string orchestra was written to honour the birth of his second son this year—though its six short movements, played without interruption, hardly seem to speak of unrestrained celebration: the voice is quiet, reflective, predominantly melancholy; the style is polytonal chromatic, leaning towards Bartok and Hindemith, freshened by a gentle English breeze. Agreeable, well-made, not specially remarkable.

The young British cellist Colin Carr (b.1957) was the excellent soloist in Couperin's *Cinq pièces en concert*—good to hear these again, the lovely fourth-movement "Plainte" especially, prettily arranged for muted solo trio. Mr. Lysy returned, before joining with Eva Graubin from Latvia in a finale of Bach's double violin concerto, to give a delicately virtuoso account of Xenakis's little *Mikka* for solo violin—all-microtonal bobs, pins and curls.

Elizabeth Hall

Lindsay Quartet

by MAX LOPPERT

It must be wonderfully exhilarating to play Michael Tippett's Second String Quartet (1944), as joyous in the spring of its rhythms for the string-player as Tudor polyphony for the enthusiastic madrigalist, and as keen a test. The debt owed to the Lindsay String Quartet for championing the work (and its earlier and later companions) extends beyond the players' simply having through repetition got it right, to having achieved a *performance* that is cogent, imaginative, subtly attentive to inflections of tone and sonority, and one of the great pleasures of the concert-hall to-day.

Tuesday's account began just a little less pointedly than one remembered from the Cheltenham Festival recital this year. The manner in which the parts interlock, while yet each moves on a bounding, sturdily independent path, was clouded by a slight failure to balance and scale dynamics. When the blurring passed, there was once again a bounty of details to admire in the performance, from the smiling ease in which the Presto was tiptoed through, to the sweet clarity of the close. It is good to know this intepretation has been commitied to disc; unlike the mass of records to-day, it is needed.

The rest of the programme, though less remarkable in the quality of performances, consolidated the impression formed on previous occasions that the Lindsay is among the most talented young quartets before the public. Haydn—Op. 74 no. 3 (Der Reiter) — was given with athletic lightness and wit; Schubert's Quintet, after the interval, with Thomas Igloi the second cellist, sounded unusually fresh and urgent, its rhythms pressed forward, the sonority lithe and firm. There is room for more expansiveness at either end of the scale: more weight in the great Adagio (the leader Peter Cropper had some awkward moments on the return of the difficult *arco-pizzicato* alternations); and more charm in lifting the little refrains of the Finale. But hardly need for more vitality, or cleanliness of tone.

WORLD TRADE NEWS

Nigerian ports 'should be clear in six months'

BY JAMES BUXTON

THE HEAVY congestion at Nigerian ports, mainly caused by the spectacular over-ordering of cement, should be cleared within about six month, Col. Shehu Yar'Adua, the Nigerian Commissioner for Transport, told the Financial Times in London yesterday. This was being achieved by cutting drastically the cement contracts and by speeding up the unloading process.

At the end of last week 285 authorised ships were waiting to enter Lagos harbour. The number of unauthorised ships was not known. About 200 of these ships were carrying 2m. tons of cement.

Col. Yar'Adua said some shippers had been trying to "become millionaires out of demurrage payments," on ships delayed waiting to unload. Demurrage payments had now generally been stopped. But those cement suppliers which had co-operated with the Government in reducing and re-scheduling their contracts would receive compensation once the veracity of their claims had been established.

Thirteen of the 81 cement suppliers had not complied with Government instructions. Of those, three were taking the Government to court for breach of contract.

The Nigerian ports congestion reached a climax last month with 400 ships—about 250 of them carrying 2.4m. tons of cement—waiting to enter Lagos harbour. Since then at least 60 with small cargoes had unloaded and sailed.

There is no cement at present on the high seas en route for Nigerian ports, the Commissioner said, following the Government's action to reduce the orders, which stood at 20m. tons to be delivered within 12 months.

In July, Nigerian ports were only capable of handling 2,000 tons a day, or little more than 500,000 tons a year, taking into account the rainly seasons when unloading is impossible.

Now, 14,000 tons a day can be unloaded, using Port Harcourt and Warri as well as Lagos, and making use of new buoys at which ships can moor and unload into lighters. By November 30, the Commissioner explained, the ports should be able to handle 24,000 tons a day by unloading direct into 150,000 ton bulk carriers, one of which was already being fitted out with conveyor belts for the cement bags. Two more, chartered by the Government, are on their way to Lagos. The bulk carriers can discharge at their own time, saving the Government demurrage on the suppliers' ships.

The bulk carriers will unload by lighters to small wharves, leaving the main berths clear for general cargo. Other improvements in port handling equipment should speed up the flow of general cargo, and reduce the congestion. One of the root causes of the general cargo congestion, the severe shortage of lorries throughout the country, is some way from being solved.

The Commissioner stated that the Nigerian Government had obtained the cooperation of 70 of the 81 cement suppliers after it banned the shipment of cement to Nigeria from September 9. The 70 had agreed to reduce their orders by half and re-schedule the remainder over the next two to three years. But other suppliers, according to the Commissioner, despatched 100 cement ships to Lagos between September 9 and October 10, partly to obtain demurrage, which had been promised at a generous rate.

The Government therefore suspended payment for cement shipped in defiance of government instructions, and had suspended demurrage payments in most cases.

The renegotiation of contracts and the suspension of payment on Letters of Credit on cement shipped in defiance of Government instructions could clearly have an effect on Nigeria's international creditworthiness. But, the Commissioner contended, "If we had stuck to the letters of credit we would have lots of useless cement arriving at the port. It would be easy for us to have cancelled the whole lot. Instead, we said: 'We are in trouble. We are ready to negotiate and pay compensation'."

Another Nigerian official described "creditworthiness" as a "nebulous expression. What it is about is ability to pay, and people know we have the ability to pay."

Many of the Letters of Credit, the Commissioner claimed, were loosely worded, requiring payment for the cement while it was on the high seas. There were also many irregularities in the demurrage agreements.

The question of how the 20m. tons of cement came to be ordered in such a short time is now being investigated by a judicial inquiry in Lagos. It is known that the Ministry of Defence ordered 16m. tons, which Nigerian sources say is three times what it could possibly use in any circumstances.

Nigeria's annual cement consumption for the next five years has been put at 5m. tons, of which only 3.5m. needs to be imported. The commissioner hopes that over the next five years imports can be kept to that level.

General Yakubu Gowon, the deposed Nigerian Head of State, has been cited at the public inquiry in Lagos as one of the Federal leaders who pressurised the Defence Ministry to place the huge orders for cement last year. Mr. Ibrahim Dameida, retired Permanent Secretary of the Defence Ministry, told the inquiry that other pressures for large orders came from Army commanders who wanted barracks projects completed on time. Nigeria's £22m. Third National Development Plan is to be reviewed with view to reordering government priorities. Officials are now pruning the plan, launched last April by the deposed Federal leader General Yakubbu Gowon. Most of the grandiose projects, including luxury State houses, seem certain to be expunged.

Sweden's footwear import curb likely to provoke EEC retaliation

BY DAVID CURRY

BRUSSELS, Nov. 5.

THE BRUSSELS Commission has made it clear to Sweden that the curbs which came into force to-day on footwear imports run the risk of provoking early retaliatory action from the Community.

The Commission has hinted broadly that it may impose duties on certain sensitive Swedish products when imports of those products exceed the amounts specified in the 1973 free trade agreement.

In that agreement the EEC placed quotas on certain exports, notably paper products, but also including special steels, certain crude metals, tubes, and some chemicals. It has the right to tax those imports when the quotas are exceeded, but in practice has never yet done so.

Without departing from the letter of the agreement, and by selecting its products carefully, the Commission could certainly cause sharp inconvenience to sectors of Swedish industry without disrupting Community supplies. It is understood that one category of paper products has already gone through the 1975 ceiling.

Decisions on next year's tariff posture are due to be taken at the end of this month, so the Commission can make out a very plausible scenario for retaliation. It also has the precedent of Portugal, where duties were reimposed on three textile products at the request of the British, because they were disrupting the U.K. market.

The underlying reason for the Commission's alarm is its fear that other countries with worse economic problems than Sweden will be encouraged by tariff lawlessness to resort to import controls. Quite clearly, the U.K. is at the front of the Commission's mind.

Sweden's offence was compounded by her decision to introduce controls without prior consultation, by invoking the Article of the Free Trade Agreement providing for emergency action in the case of war or grave international crisis.

Had Sweden sought to control imports under Article 26, which provided for help to special sectors of industry under particular threat from imports, her reception would have been more sympathetic. But that procedure calls for prior consultation. Ironically, Sweden is understood to have argued that her footwear industry—employing 2,900—was too unimportant industrially to qualify for Article 26 action.

The Commission regards as ludicrous the argument that Swedish neutrality depends on her being able to guarantee a three-year supply of home-made army boots. It suspects that Stockholm is testing the water in preparation for further curbs —perhaps on textiles.

Meanwhile, Sweden is coming under pressure in GATT and EFTA, where her arguments about the demands of neutralism are the subject of a particularly embarrassing analysis by an impeccable authority on that subject—Switzerland.

U.K. help for Indian shipyard

By K. K. Sharma

NEW DELHI, Nov. 5.

BRITAIN HAS agreed to give assistance of Rupees 190m. (£10.42m.) for the import of parts and materials for building the first five ships of 75,000 dwt each at the Cochin Shipyard, South India.

This was announced by Mr. R. B. M. King, Permanent Secretary, U.K. Ministry of Overseas Development, who is now here on a brief visit to the Cochin Shipyard.

Mr. King said the yard was a fine example of Indo-British economic co-operation under which Britain was providing technology and paying for it from its own aid programme.

Penal provisions

The first stringent steps against economic crimes in India have been taken in relation to importers and exporters through a Presidential ordinance prescribing heavy punishment for those violating import and export control Orders.

The ordinance empowers the Chief Controller of Imports and Exports to impose a penalty of up to five times the value of goods or materials in respect of which the offence is committed. Appeals can be made to the Government by anyone penalised.

Provision is also made to extend the existing imprisonment period from two to three years, and further to seven years in cases involving contravention of the trade laws through the import of goods worth Rs.100,000 (£5,480) or more.

The ordinance says that the existing penal provisions have not been adequate to curb abuse of import and export facilities. Among abuses covered by the new penalties are misutilisation of imported goods in contravention of the conditions of licences: misrepresentation of facts in obtaining licences or allotment of imported goods: unauthorised sale or acquisition of imported goods: and non-compliance with any direction given under the control Order for the sale of imported goods.

Report from Israel

Plan to build buses locally

By L. Daniel

TEL AVIV, Nov. 5.

THE GREEN LIGHT has been given by the Israeli Ministry of Transport for the planning and development of an Israeli bus, to be built locally. Hitherto, buses have been imported as kits, with only the body and some parts made locally, or imported complete except for the body. The special committee which is to work on the project will act in close co-operation with the existing automobile concerns in the country—the former Leyland Ashdod plant now owned by the Kremerman family, which to-day largely concentrates on the assembly of Mack trucks, and Israeli Automotive Industries, of Nazareth, making Ford cars and light commercial vehicles.

The country also has a well-developed spare parts industry which does substantial export business in parts, mainly for cars of European and U.S. origin.

Export drives

South Africa, Japan, Venezuela, and Ecuador have again been designated "target countries" by the Israeli Ministry of Commerce. It annually selects a number of countries which, in the light of the international economic situation and Israel's own commercial considerations, are regarded as offering good chances for increased trade.

Israeli companies selling to those countries will receive additional promotional assistance and loans to enable them to expand their exports. The assistance relates to sales in excess of those in the preceding 12 months.

U.S. investment

The U.S. Teledyne Corporation is one of over 20 U.S. engineering companies currently considering investment or joint projects in Israel. Some of them "discovered" Israel at the Metal Industries week here, while others such as Teledyne already have investments here. Teledyne is a partner in an electric cable factory in northern Israel and is now considering other fields.

More tourists

Conclusion of the latest Israeli-Egyptian agreement and more recently, perhaps, the events in Lebanon, have led to a sharp increase in tourism to Israel over the past two months. The October 1975, figure of 65,300 was 15 per cent. above a year earlier, and the September figure 10 per cent. Tourists, in the first 10 months of this year, numbered 535,700, or only 4 per cent. below 1974, despite the world-wide decline in tourism. A sharp drop in visitors from the U.S. has been balanced by a pronounced rise in those from Europe.

IN BRIEF

Japan car sales

New car registrations in Japan during October at 355,049 units were 13.8 per cent. above a year earlier. Imported cars accounted for 3,537 units, a 21.4 per cent. gain on 1974.

Swiss clothes

Swiss imports of clothing were 9.6 per cent. lower in January-September than a year earlier because of a decline in deliveries by all Western European supplying countries. Imports from Asia, especially South Korea, Taiwan and Malaysia, rose a further 8 per cent. Swiss exports improved in value terms by 0.8 per cent. to Sw.Frs.319m. (£58.5m.). Imports were worth Sw.Frs.1.16m. (£212m.).

Export model

The 11th in the series of Government Economic Service Occasional Papers, A Model of U.K. Manufactured Exports and Export Prices, by John Hutton and Patrick Minford, is now published (SO; £1.60). They describe the model they constructed for use in Government forecasting, and discuss economic relationships underlying behaviour of exports and export prices.

Grant to Guyana

Barclays Bank International has made a grant of £34,458 to the Caribbean Community Secretariat for agricultural development in the less developed countries in the region. It will provide for recruitment of an adviser in animal husbandry and nutrition to be attached to the Caribbean Agricultural Development and Advisory Service, inaugurated in June 1974, with headquarters at Grenada.

Loan to Sri Lanka

India has made Sri Lanka a loan of Rupees 100m. (£5.5m.) to cover part of the foreign exchange cost of a new urea plant. The project is being part financed by the Asian Development Bank, West Germany and the Kuwait Fund for Economic Development.

Export Contracts

BRITISH ROPES will manufacture locked coil winding ropes for mines in Russia, at a cost of £1.1m.

FISONS will supply bulk and bag conveying systems worth £250,000 to Antwerp Docks.

BOURNE STEEL, Poole, will make structural steelwork valued at £250,000 for a sugar factory at Asalaya, Sudan.

HAMMOND AND CHAMPNESS has an initial order from its newly-appointed distributor for the United Arab Emirates for three electric traction lifts worth £56,000 for Dubai.

AMERICAN NEWS

British troops, jump jets to boost Belize garrison

BY RICHARD JOHNS

A BATTALION OF British infantry—the Devon and Dorset Regiment—and six Harrier vertical take-off aircraft are being sent to British Honduras to reinforce the small garrison there which faces the threat of an invasion from Guatemala.

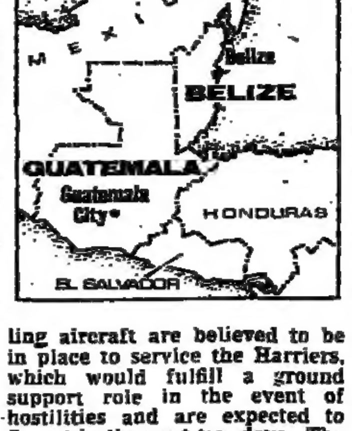
This was confirmed yesterday by the Foreign Office which said that the British Government had "reluctantly decided" to strengthen the U.K. military presence in the Colony following the build-up of Guatamalan troops on the border.

Recently, the government of the Central American republic has emphasised its determination not to recognise the independence of the territory and, if necessary, to resort to armed strength to take it.

Yesterday at the UN Britain became one of the 45 countries—including most of the Commonwealth—sponsoring a General Assembly draft resolution calling for the self-determination and independence of Belize. It also declares the inviolability and territorial integrity of the colony.

The British military garrison based in Belize, the capital of the Colony, numbers some 670 men, including the Gloucestershire Regiment. Two of its companies have been training in Canada and are being recalled.

Two companies of the Dorset and Devonshire Regiment left for Belize on Tuesday night and will probably be followed by the third at the week-end. Refuelling aircraft are believed to be in place to service the Harriers, which would fulfill a ground support role in the event of hostilities and are expected to fly out in the next two days. The Royal Navy frigate Zulu with Royal Marines aboard of the Caribbean squadron, is also in the area.



Intelligence reports from the jungle border area—where a troop of the Special Air Service is believed to operate—have reported that Guatemala's full complement of 10 M113 armoured personnel carriers and additional trucks, carrying troops, have been moved to within 15 miles of the border.

On October 12, Vice-President San Doval Alacron was quoted as saying that Guatelmala would not accept the independence of Belize "even if it cost Guatemalan lives."

In the previous month, he had called on the country's political parties to unite in a "common crusade" to take over the territory.

In its statement yesterday, the Foreign and Commonwealth Office restated its policy of bringing about the independence of the country with the agreement of Guatemala.

● UNITED NATIONS: Britain joined a large group of Third World countries in sponsoring General Assembly resolution independence for Belize and declaring that the inviolability and territorial integrity of the colony must be preserved.

Leak upset Ford shake-up plan

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, Nov. 5.

THE WHITE HOUSE admitted to-day that President Ford's massive shake-up of top Administration officials went seriously wrong as a result of a Press leak, and turned into a political shambles.

Its official spokesman confirmed that the President originally wanted to release first the news that Vice President Rockefeller was not seeking re-election next year and only in the week reveal the firing of his Defence Secretary and the other top changes.

In this way, he clearly hoped to maximise the political gains he wanted to make with the right wing of the Republican Party from severing his links with the liberal Mr. Rockefeller (who will be giving his side of the story at a Press conference to-morrow), and perhaps distract attention from the other changes.

But though the purge was planned in great secrecy, word of it reached the Press last Sunday night forcing the President to reveal the whole package the following day. What had been intended as a series of stunning masterstrokes by a decisive President ended by giving the impression his Administration was crumbling around him.

Meanwhile, the repercussion of the shake-up continue to reverberate through the White House and the whole bureaucracy. To-day, President Ford was reported to be urging Mr. Colby to remain as Director of the CIA at least until the end of the year. This follows widespread Congressional criticism of the firing on the grounds that Mr. Colby was being punished for co-operating with Congresional committees investigating the agencies more dubious activities.

Elsewhere, Dr. Kissinger was reported to be fighting hard to retain as much influence over the White House National Security Council as possible, although he has lost the job as Director. According to officials here, the loss of this post is more serious in bureaucratic terms than generally realised because it has deprived Dr. Kissinger of effective control over the CIA through the shadowy "Forty Committee," which he used to chair, as well as of easy access to the military.

Strong Republican show in Mississippi

BY DAVID BELL

WASHINGTON Nov. 5.

WITH SOME final results still to come after yesterday's gubernatorial election in two States and mayoral contests in a number of cities, Mississippi is waiting to see if it is to have its first Republican governor for a century.

The two candidates are separated by only a few hundred votes in one of the few races to have generated much excitement in this pre-election year.

In the other gubernatorial race, in Kentucky, the Democrats won a convincing victory and both states elected women deputy Governors for the first time.

The major interest in the cities has centred on Minneapolis where Mr. Charles Stenvig, a former mayor and police lieutenant, appears to be on the verge of winning back the position he lost two years ago even though he has scarcely campaigned at all.

In Boston, which has had serious racial problems following the introduction of bussing, Mr. Kevin White won another term but only after a difficult campaign dominated by suggestions that he had pressured city staff to back him in the 1972 election.

The results provide little guide to what voters may be thinking about national issues, but the strong Republican showing in Mississippi is likely to be watched closely by the Ford campaign staff.

STOCK EXCHANGE REFORM IN NEW YORK

Trouble for the Big Board

BY JAY PALMER IN NEW YORK

WHEN MR. JAMES NEEDHAM became chairman of the New York Stock Exchange three years ago, he vowed never to preside willingly over the destruction of that market. To-day the Exchange is under a multitude of strains and attacks.

The most immediate threat comes from the U.S. Securities and Exchange Commission, the Federal Government's watchdog over the securities industry. Eight months ago the SEC altered for ever the fortunes and practices of brokers by ordering an end to 183 years of fixed commission rates. Now the agency is turning its reforming zeal firmly on the NYSE itself.

The SEC's new proposals should be ready for Congress by mid-December. The main thrust is almost certain to be to modify (or possibly even eliminate outright) the NYSE's key Rule 394, the acknowledged foundation stone of the Exchange's pole position in the industry. The SEC has described 394 as "antiquated" and "anti-competitive."

Rule 394, adopted in 1957, was the NYSE's principal answer to the steady post-war growth of its competitor, the so-called Third Market, the inter-dealer off-floor market in shares quoted by the NYSE. By putting up a barrier of complicated procedures and necessary clearances, the rule effectively stops NYSE member firms from dealing in NYSE shares "up stairs" in other markets off the NYSE trading floor. In design and practice, the rule works to protect the NYSE floor specialists (equivalents of the London jobbers) from the outside competition of other exchanges and other markets. Just as the Exchange has battled to keep Rule 394, it has also resisted internal attempts to have the floor specialists compete with one another. Unlike London jobbers, NYSE specialists get a monopoly in certain shares.

Antagonism to Rule 394 is based in part on a number of different surveys showing that the specialist system does not work properly and that most specialists do a poor job of maintaining an orderly market. But SEC has its own additional reasoning. More than any other single factor, Rule 394 poses by far and away the biggest barrier to any steady move towards the creation of one central U.S. stock market. For this reason the SEC has tried again and again to modify Rule 394, most recently by trying to influence the Securities Industry Bill. But NYSE lobbying was too effective and the whole matter was thrown back for further consideration. Hence renewed public hearings on the issue.

They produced very little new by way of evidence for or against keeping the rule. But there was a bombshell from Merrill Lynch, America's largest and most aggressive broker, which put forward a detailed plan for a new central electronic stock market. Going much further than any of the existing central market schemes spelt out by the SEC, this plan would eliminate all floor specialists in favour of computer-linked dealer markets. It would replace and make obsolete all existing trading floors. The SEC greeted this idea publicly as constructive and helpful, but privately the agency seemed embarrassed.

> 'A bombshell from America's largest broker for a central electronic stock market which would replace all existing trading floors.'

The problem was that Merrill Lynch insisted that Rule 394 would have to be retained until the new system had proved itself. Many argue that this would be impossible since Rule 394 prohibits any switch to a dealer market. The SEC found itself in a quandary, much as it liked Merrill Lynch's support for a central market.

While Merrill Lynch was busy advocating the retention of Rule 394 and the present system of free specialists, it was simultaneously launching a major attack on both the spirit and the text of that same rule. The firm asked for official NYSE permission to start trading "odd lot" share transactions (less than 100 share blocks) upstairs, off the floor. Such a scheme is in direct violation of everything Rule 394 set out to do and specialist opposition was intense.

The resistance did not stem from any real fear of loss of odd-lot business which only accounts for about 5 per cent. of dollar trading volume. The worry was (and is) that Merrill Lynch's scheme could herald more sweeping plans, but the NYSE bowed to the broker's financial strength.

The vehemence of the struggle to protect the specialists is in striking contrast with the air of almost resignation with which the NYSE accepted the end of fixed brokers' commission rates. The reason is simple: by virtue of their large number of exchange seats, specialists hold a disproportionate amount of voting power and influence within the Exchange Council.

The case for keeping Rule 394 rests on the premise that eliminating it would destroy the NYSE and thus directly cripple the only equity capital-raising market available to many of its quoted companies. It is a formidable argument and one with obvious appeal. Without its trading monopoly in certain shares, the NYSE argues, brokers would have little or no incentive to remain Exchange members. As it is, the switch to competitive rates last May destroyed much of the once high financial rewards for membership. The repeal of Rule 394 would leave firms with inadequate profits with no alternative but to quit the floor and to deal in NYSE shares in the less regulated and more profitable Third Market.

The threat is real—Merrill Lynch and a number of other large brokers have all said that they would have to consider making the move. The Exchange concludes that the resulting collapse of market volume would destroy the specialists who now make "unprofitable" markets in low volume stocks on the assumption that they will more than cover losses on their few high-volume ones.

These fears rest on the manner in which institutional investors have come to dominate stock market trading in the past few years. Institutions now account for nearly 70 per cent. of the value of total trading. Since they think alike, want the same liquidity, and have access to similar research, this has concentrated trading volume increasingly on a few stocks.

Variously described as Vestal Virgins, Glamour Stocks, or, inaccurately, the Nifty 50, these 200-odd institutional favourites now account for over half of total dollar trading volume on the NYSE. No one is suggesting that these stocks would lose their markets without the NYSE, but the fate of the other 1,300 or so issues is far less certain.

The Exchange, pressing this point, argues that dealers off the NYSE floor would never be willing to create an unprofitable market in these companies' shares as the specialists have done. Stressing that a collapse of the exchange would destroy potential equity fund raising markets, the NYSE successfully wrote to more than 200 of these companies asking them to fight for Rule 394.

But NYSE reasoning begs two crucially important questions. It neglects to prove that the specialists are in fact losing on these shares, and that substitute dealing markets would not spring up if Rule 394 was relaxed. The SEC argues that all these companies were once quoted on other exchanges or markets before moving to the NYSE and that there is no reason to assume that they could not go back.

Secondly, even assuming that the NYSE is right, it also fails to provide convincing evidence that a listing on the exchange is in itself always enough to ensure a potential equity funding market.

That will remain a controversial and debatable point, but many dealers and underwriters argue convincingly that the lack of institutional appeal of many listed stocks effectively shuts them off from the most important source of new equity capital.

For all its undoubted faults, the NYSE auction market remains the devil we know and, in that sense, there must be a strong case for simply reforming the present system rather than abolishing it. But the Exchange's unwillingness to accept any changes that could compromise the privileged position of its specialists, must tend to harden the SEC attitude. If the Big Board cannot adapt, it could well be fighting Wall Street's last battle.

Car sales up 17% last month, imports fall

By Jay Palmer

NEW YORK, Nov. 5.

NEW U.S. car sales jumped 17 per cent. overall in October, providing fresh evidence of Detroit's continuing recovery from last years very depressed levels. Despite this year-to-year gain, however, enthusiasm throughout the motor industry remains muted. These latest October sales remain 9 per cent. below the slack October 1973 results and 18 per cent. below the record 1972 returns.

During the month, sales of domestically built vehicles registered a massive 23 per cent gain over last year. The biggest individual rise was reported by American Motors which lifted its sales by 55 per cent. from a year earlier when it was hit by strikes. General Motors sales rose 27 per cent., Ford's 21 per cent. while Chrysler's sales only climbed 6.7 per cent.

While import figures for these four weeks remain uncomplete, it is estimated that foreign car sales in the U.S. fell 11 per cent. This exceptionally sharp monthly downturn of imports is attributed to two factors — shortage of stocks after high demand earlier this year and the traditional switching of demand to domestic cars as the new model year vehicles become available.

Post reporter beaten up

By David Bell

WASHINGTON, Nov. 5.

A FURTHER glimpse into the tension between striking employees of the Washington Post newspaper and those still at work has come to-day with the news that Mr. Jules Witcover, a political reporter, has been beaten up in the newspaper's parking lot on the way home.

Although a spokesman for the Post declined to blame any of its striking printers and other staff—they have been on strike for the past five weeks—Mr. Witcover was not robbed and there is no other apparent motive for the assault

FORD CUTS CHINA TRIP TO 4 DAYS

WASHINGTON, Nov. 5.

PRESIDENT Ford has cut his proposed visit to China from six to four days, Administration sources said to-day. The shorter visit stems directly from Sino-American differences over the U.S. policy of detente with Russia, they said.

The sources said that Mr. Ford will leave Washington about November 30 UPI

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OVERSEAS NEWS

Radio Bangladesh reports resignation of President

NEW DELHI, Nov. 5.

PRESIDENT Khondakar Mushtaque Ahmed has resigned as Head of State of Bangladesh following the ousting of junior Army officers who had installed him three months ago, Radio Bangladesh to-day announced. A new President would be installed to-morrow, it said.

The radio, monitored in London, made the announcement after three days of tension in Bangladesh. It said: "President Khondakar Mushtaque Ahmed has expressed his desire to vacate the office of President. The new President will be sworn in in the morning."

President Mushtaque Ahmed became Chief of State in Bangladesh after the military-led coup there last August. He succeeded the nation's founder, Sheikh Mujibur Rahman, who was killed during the coup.

The radio said that the new President would be the Head of the Supreme Court, Mr. Justice A. M. Sayem. He was in Calcutta at the time of the August coup but returned to Dacca four days later.

Mr. Mushtaque Ahmed to-night issued a proclamation on the basis of an August 20 law enabling him to nominate a successor in case he himself is unable to discharge his duties or wants to vacate the office, Radio Bangladesh added.

In Dacca, more than 200 students were reported to have marched to the late President Sheik Mujibur Rahman's house in Dacca suburb and to have placed garlands around a large portrait of him. The students also demanded an inquiry into the reported killings at the week-end in Dacca central jail of several prominent leaders of the 1971 Bangladesh Freedom Movement and called for a strike to back this demand.

The demonstration coincided with smaller protests in Chittagong, Brabambaria and Sylhet over the prison deaths. Throughout to-day, Bangladesh Radio broadcast repeated warnings against the carrying of weapons, which it said was illegal.

Earlier diplomatic reports in Calcutta had said that Bangladesh was likely to be ruled by a 10-man Council dominated by military officers.

Radio Bangladesh, monitored in India, also said to-day that Major-General Khalilur Rahman, Chief of Defence Staff, would serve as chief martial law administrator.

In Calcutta, military intelligence sources said to-night there were large scale demonstrations to-day in the northern Bangladesh town of Rajshahi when the body of a former Minister, one of the people killed in Dacca's central jail on Sunday, was returned there for burial. The Minister, Mr. A. H. M. Kamaruzzaman, had been head of the now-defunct Awami League Party.

In New Delhi, an Indian Foreign Office spokesman expressed great shock at the reported killings and said that the leaders reported killed were all prominent men "who had made sacrifices in the national struggle and were held in high regard in India."

The spokesman did not mention any names, but Indian news agencies listed former Prime Minister Mansoor Ali, former Vice-President Syed Nazrul Islam, former Finance Minister Tajuddin Ahmed, and Mr. A. H. M. Kamruzzaman, former Industries and Commerce Minister.

Kevin Rafferty reports from Bangkok: The leader of the Bangladesh army majors who killed Sheikh Mujibur Rahman and were themselves ousted this week, to-day predicted that his country would face a period of instability with rival army factions contending for power.

Lt.-Col. Farook Rahman who arrived here yesterday after an army counter-revolution in Bangladesh removed the country's army and air chiefs and reduced the power of the president, said that the present strong man Brigadier (yesterday promoted Major-Gen.) Khalid Musharraf, was backed by only one of Bangladesh's nine infantry brigades.

The colonel who enjoyed the support of Bangladesh's small armoured and artillery forces, said he had refused to fight the new power group because "it would have caused a terrible blood bath and probably wiped out much of the city of Dacca."

He doubted that President Khondakar Mushtaque was holding much power, but he added that if the new rulers showed themselves anxious to restore democracy his group would back them. "If they want to restore democracy, OK. *If they want to restore the freedom of the* Press, OK, we shall support them."

Col. Farook was much more coy this afternoon about the Indian role in this week's event than early this morning when he had alleged that India had engineered the rise to power of Gen. Khalid, but he spoke again about the Indian connections of some of the new men and said "You can draw your own conclusions."

Col. Farook does not know what his future is. He was allowed out of Bangladesh on a special flight after the intervention of the president. The president and the arrested army and air chief, he said, wanted to come as well but were refused permission by Gen. Khalid. Col Farook and his group of 30 officers and their wives and families have been given a one-week visa to stay in Thailand, and their expenses are being met by the Bangladesh Government.

Congolese troops join Cabinda fighting

KINSHASA, Nov. 5.

HEAVY fighting is raging in the Angolan enclave of Cabinda, according to the Zaire news agency AZAP which quoted refugees as saying that Congolese troops had entered the oil-rich territory.

AZAP said the fighting was between forces of the Popular Movement for the Liberation of Angola (NPLA) and those of the Front for the Liberation of the Enclave of Cabinda (FLEC), a group seeking independence for Cabinda.

In Brazzaville Congolese President Marien Ngouabi told a meeting at the weekend that his troops would intervene in Cabinda on the side of the NPLA if "mercenaries recruited by South Africa and its African puppets" entered the enclave.

In Kinshasa AZAP reported that the Zaire army's seventh battalion on the Cabinda border had been put on the alert.

AZAP said that on hearing of the Congolese intervention at least 600 MPLA soldiers of Cabinese origin switched sides, going across to the FLEC.

Accra: The Organisation of African Unity conciliation commission on Angola has recommended the immediate formation of a government of national union by the three warring liberation movements in the territory, the Ghana news agency reported here to-day.

Quoting usually reliable sources, the agency said that if the three movements — the Popular Movement for the Liberation of Angola (MPLA), the National Front for the Liberation of Angola (FNLA) and the Union for the Total Independence of Angola—failed to reach an understanding before independence day on November 11, Portugal should transfer power to the three jointly.

The sources were quoted as saying that the recommendation was contained in a report to Uganda's President Idi Amin, who is the current chairman of the OAU, and transmitted to member governments Reuter.

STATE VISIT STARTS TO-DAY

Sadat seeking stronger ties with UK

BY MICHAEL TINGAY

PRESIDENT ANWAR SADAT, the first Egyptian leader to make an official visit to Britain, arrives in London to-day from Washington on the second leg of a tour designed to seek understanding for his policies and to find new sources of investment and arms.

Mr. Sadat has moved a long way towards the West since the expulsion of 20,000 Soviet advisers in 1972 but so far has virtually no material benefits to show for it.

During their three-day stay, the Egyptian party, which includes Mr. Ismail Fahmi, Egypt's Foreign Minister, and Dr. Zaki Shafei, Minister of Economy and Economic Co-operation, will be looking to Britain to extend political and economic ties already forged by Egypt with Europe and which are viewed in Egyptian circles as vital to counterbalance the influence of the U.S.

Mr. Sadat will to-day meet a delegation of British businessmen including representatives of British Leyland International, Dunlop, and Massey-Ferguson, all of which have plans well advanced for industrial ventures in Egypt.

Both sides will be seeking to clear bottlenecks that have developed in negotiations on possible joint ventures in Egypt. Britain and Egypt signed agreements for industrial, economic and technical co-operation and for investment protection when Mr. Fahmi visited London in June.

One way in which British investments in Egypt may actually get off the ground is a new undertaking by the Export Credit Guarantees Department, which, according to financial sources, plans soon to extend £40m. in medium-term cover for investment projects in Egypt such as the British Leyland plan to build a Land Rover production line. The cover will be conditional on Arab participation of £120m. This would establish a principle of British cover for the first 25 per cent. of investment to tempt the remaining 75 per cent. from countries such as Saudi Arabia.

British trade with Egypt increased more than 70 per cent. in the first half of 1975, and Egyptian imports from Britain from January to August reached £61m. with exports totalling £36m.

Arms top Egypt's shopping list, *including Westland Lynx* helicopters and Hawker Siddeley Hawk jet trainers, though the Anglo-French Jaguar fighter bomber, which Saudi Arabia, Egypt's chief financier, is known to favour, has recently joined the running.

Egypt is desperate to ease its dependence on Soviet arms and has its eye on a variety of British hardware, including the BAC Rapier missile, electronic equipment from Plessey, boats from Vosper and radar equipment.

A key factor in the success of the Sadat visit will be how talks with Mr. Harold Wilson go. Mr. Wilson is personnaly meeting the Egyptian leader at Heathrow airport. The Egyptians have traditionally mistrusted Mr. Wilson as being pro-Israel and Cairo was outraged by his embrace of former Israeli premier Golda Meir in London earlier this year.

The two men will begin talks to-morrow morning to be joined later by Mr. Anthony Wedgwood Benn, Secretary of State for Energy, Mr. Roy Mason, Secretary of State for Defence, Mr. Peter Shore, Secretary of State for Trade, and Mr. Reg Prentice, Minister of Overseas Development.

Reuter adds from Washington: President Sadat told Congress to-day that the U.S. must establish contact with the Palestinians, warning that continuing neglect was an open invitation to violence.

He told the members of Congress they were well aware that the Palestinians had suffered occasionally from what he called excesses, lack of discipline and abuse.

But he said that after being long neglected by the international community, the Palestinians' legitimate struggle had gained world sympathy.

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Angolan liberationists battle for territory

BY BRIDGET BLOOM

LUANDA, Nov. 5.

IN ITS first communiqué for several days on the military and political situation here, the MPLA has admitted that there is fierce fighting in the Benguela area

The communiqué, which spoke of "foreign invasion forces," declared that the situation in Benguela was "uncertain."

Meanwhile, the situation in the rest of the country remains uncertain and the communiqué made no reference to the fighting north of Luanda. An unidentified aircraft, without lights, this evening flew across Luanda dropping pamphlets purporting to come from the FLNA. These declared that the FLNA had the interests of "the Angolan people" at heart and that (contrary to rumours circulating here) the FLNA had no intention of "transforming the beautiful city of Luanda into a city of destruction and death."

The FLNA, the pamplet said, wanted to build a free Angola for all Angolans and wanted to avoid the creation of "a new Soviet colony in Africa."

The aircraft, which appeared to fly over Luanda for no more than 20 minutes, brought out a number of MPLA troops into the streets but there was no other Government reaction.

Despite to-day's communique, the military situation as seen from the capital remains confused, although what appears to be the overall strategy of the MPLA against its two rivals, six days before independence, can be glimpsed.

It seems clear that whatever the precise details, MPLA forces are essentially on the defensive, both in their attempts to hold the capital, Luanda, and to retain Benguela and the country's major port of Lobito some 15 miles north of Benguela.

In the north, the MPLA faces the Zaire-based FLNA. There has been no confirmation here of an apparent allegation made by MPLA President Agostinho Neto, to the OAU chairman, President Amin, that FNLA is being helped in the north by the Zaire Army. Neither was there confirmation to-night of the reported invasion of Cabinda by troops from the Congo Republic. According to to-day's communique, the situation in Cabinda was "stationary." In the south, the attackers of Benguela appear to be the column which last week took the southernmost post of Mocamedes.

The MPLA has alleged that an independent report at the time appeared to confirm that these troops, possibly numbering 1,500, were led by Whites, probably former soldiers of the Portuguese Army and South African mercenaries. There have been accusations that South African Government forces are involved, but this seems highly unlikely

The relationship between the FLNA and the third movement, Unita, is not clear. Obviously, since Unita is the major southern movement and no fighting in the area has recently been reported between the two there is military co-operation, but it is not certain how far this goes.

From here, all three movements seem determined to win as much territory before independence as possible, which not only makes nonsense of the projected cease-fire, but puts serious doubts on the outcome of the efforts by the OAU to get talks going before independence next Tuesday.

Beirut nearly normal again

BY IHSAN HIJAZI

BEIRUT, Nov. 5.

FOR THE first time in weeks life began to go back to normal here to-day after a considerable improvement in the security situation.

Gunmen have abandoned their positions in most of the districts here and in the suburbs, while army and internal security forces *patrolled the streets and the* main highways which were crowded with cars coming into or leaving the capital.

A number of government departments began to function on skeleton staff. The Central Bank paid out large sums of cash to private banks which are scheduled to reopen for business to-morrow.

A bank official said that the bank has paid out over £6m. during the hours of the morning. Part of the funds went to pay civil servants and members of the internal security for the month of October.

Army and police reinforcements were stationed in the hotels district on the waterfront and on Rue Kantari. The two areas had witnessed fierce fight*ing in the past week. Militiamen* from the Rightist Phalangist party were still at the Holiday Inn to-day, but have been joined by elements from the internal security forces.

In a skyscraper up the hill, Leftist militiamen have given up their positions to members of the Palestinian Commando military police, the "Palestine Armed Struggle Command." The Phalan*gists were reported to have in*sisted on removal of the Palestinians from there as a condition for removal of Phalangist militiamen from the Holiday Inn.

The Lebanese cabinet was meeting to-day under President Suleiman Franjieh and has heard a report from Premier Rashid Karami on the agreement between the rival factions on the new ceasefire.

Premier Karami was reported *also to have proposed to the* Cabinet that special security measures should be taken to check the smuggling of new weapons and ammunition into the country.

No poll, says Whitlam

CANBERRA, Nov. 5.

PRIME Minister Gough Whitlam, buoyed by increasing evidence of voter support for his Labor government's fight against the opposition's Parliamentary blockage of budget Bills, announced to-day he would not call a general election for at least a year.

His statement to Parliament immediately increased pressure *on Liberal opposition leader* Malcolm Fraser to end Australia's three-week-old political crisis by allowing the government's money measures to pass through the Senate.

But, for the third time, the opposition again delayed passage of the Bills in the Senate, where it holds a slim majority.

Action to block the Bills was taken by Mr. Fraser, who said they would not be passed until *Mr. Whitlam called a general* election.
Reuter

EUROPEAN NEWS

U.K. remains opposed to oil talks, election plans

BY REGINALD DALE, COMMON MARKET CORRESPONDENT BRUSSELS, Nov. 5.

MR. JAMES CALLAGHAN, the British Foreign Secretary, to-night repeated Britain's uncompromising demand for a separate seat at the world conference on energy and raw materials in Paris next month.

He also made clear to his EEC partners that Britain would not be ready to agree to plans for direct elections to the European Parliament at the Community's next summit meeting in Rome on December 1-2.

In spite of behind-the-scenes West German efforts to arrange a compromise on seating at the Paris talks. Mr. Callaghan said that the British position was absolutely unchanged. If Britain did not have a seat at the table, the U.K. could not be bound by the conclusions of the Conference, be warned.

West German sources said Bonn was hoping that the U.K. would accept a formula that provided for one single EEC delegation at the main ministerial conference but allowed Britain to speak separately in one or more of the four commissions to be set up at official level. However, Mr. Callaghan was not to be drawn on such arrangements—"we have made a claim for a seat, period." he said.

On direct elections, Mr. Callaghan said much work remained and that the proposed 1978 target date was unlikely to be met. There was a need for much more discussion on the issue, and the British Parliament and political parties would have to examine the proposal thoroughly.

Mr. Callaghan went to great lengths, at a rather bad-tempered Press briefing, to insist that Britain was not being obstructionist. Other countries had made difficulties, and he himself had taken a highly constructive line on most of the issues under discussion, he maintained.

Officials from other countries confirmed that Mr. Callaghan had in fact been more positive than the Danish delegation, the other traditional opponent of direct elections among the Nine. Mr. Ivar Noergaard, the Danish Minister, said his Government could withdraw its earlier objections on two conditions.

These were that member states should be able to insist that European MPs should also be members of national parliaments and that the elections to the European Parliament need not necessarily be held on the same day in all nine countries.

West Germany, however, refused outright to accept the second Danish condition, which it said would turn the elections into a farce.

At to-night's meeting, Herr Hans-Dietrich Genscher, the German Minister, emerged as the leading champion of direct elections as soon as possible.

European arms body planned

BY MALCOLM RUTHERFORD THE HAGUE, Nov. 5.

IN A significant step towards closer European defence co-operation, defence ministers of the 10-nation Eurogroup agreed to-day on a three-point programme designed to attract the participation of France.

The ministers agreed in principle to set up a European Defence Procurement Secretariat, possibly as early as December 8, when the ministers hold their next meeting in Brussels.

They also decided to explore the possibility of creating a new indpendent forum for European arms collaboration open to all European members of the Atlantic Alliance. It is this move particularly aimed at attracting France, which is not a Eurogroup member.

The ministers also al but completed a list of member-country defence equipment, both existing and potential, produced and undr consideration. This will be submitted to the U.S. next motnh in the hope that it will lead to more American purchares of European arms.

The Secretariat will initially be small and has not yet been assigned a permanent home. But Mr. Roy Mason, the British Defence Secretary, said to-day that senio rofficials would be meetin gin almost semi-permanent session in the next four weeks, to discuss its role.

The Secretariat could turn into a permanent European defence procurement organisation, an idea ministers agreed to-day should be further explored. The details, however, were left vague until the French reaction is known.

France has refused to have anything to do with the Eurogroup, on the grounds that it is too closely associated with the U.S., but recently has shown signs of growing interest in greater European co-operation.

Mr. Henk Vredeling, the Dutch Defence Minister, said this evening that the Eurogroup had good hopes that the French would co-operate, and Her Geong Leber, the West German Defence Minister. said that French thinking was moving in the same direction as Eurogroup members.

The initiatives taken to-day go back at least a year, to when the Eurogroup began to consider how Europe could sell more arms and related equipment to the U.S. American sales to Europe are about ten times as much as the other way round. but the U.S. Administration has agreed in principle to study European proposals for a more equal flow—sometimes known as the "two-way street."

The U.S. Administration is also committed to greater standardisation of Nato equipment under the Culver-Nunn Amendment. Longer production runs could save money at a time when most Nato countries are under domestic pressure to cut defence spending. At least 10 per cent. of Nato expenditure is estimated to be wasted because of unnecessary duplication.

William Dullforce writes from Stockholm: Sweden's Commander-in-Chief, General Stig Synnergren, has warned his Government that defence expenditure would have to go up by Kr.650m. (£72m.) a year from 1977 if the country was to continue to build its own attack aircraft and robot missiles. The alternative would be to buy abroad, tying neutral Sweden's defence to a foreign supplier, he said.

General Synnergren submitted five budget proposals, ranging from Kr.8.3bn. to Kr.9.4bn. a year at 1975 prices, for the 1977-1982 period. Only the two highest budget would enable Saab, the manufacturers of the Draken and Viggen series, to develop a new attack aircraft.

French jet decision soon

BY RUPERT CORNWELL PARIS, Nov. 5.

THE FRENCH Government will take a final decision next month on whether to go ahead with full-scale production of the ACF, the advanced fighted due to replace the Air Force's Mirage F-1.

M. Marcel Dassault, head of the company responsible for both aircraft, admitted this evening that the omens are not very good, and the Government has already hinted that it may scrap the Frs.20bn. (£2.2bn) project for economy reasons.

Next week, however, a prototype of the ACF will fly for the first time, and M. Dassault held a rare Press conference to-day to step up pressure on the authorities. He said the unit cost would be Frs.75m. (£8m.), not Frs.100m. (£11m.) as claimed by its opponents. To abandon the project would mean a U.S. alternative, the F-15.

He also confirmed that detailed talks were under way with McDonnel-Douglas and Lockheed to take a stake in the Mercure 200 project, the stretched version of Dassault's short-haul civil aircraft that has so far flopped badly both inside and outside France.

Britain in strong bid for EEC energy job

By Our Own Correspondent

BRUSSELS, Nov. 5.

BRITAIN is making a strong bid for the key post of Director-General for energy policy in the EEC Commission when the job falls vacant around the end of this year. It is now confirmed that M. Fernand Spaak, of Belgium, the present Director-General, is to become the next head of the Community's delegation in Washington, replacing Mr. Jens Otto Krag, of Denmark.

After confidential discussions inside the Commission, the U.K. has apparently been told that it can have the energy job provided a suitable candidate is proposed. It is expected that a name will soon be put forward.

To secure the energy post, however, Britain will probably have to abandon one of the other four of the 20 or so Commission director-generalships currently held by U.K. nationals.

The industry job has been vacant since the departure of Mr. Ronald Grierson, the U.K.'s original nominee, early in 1974. Britain, however, is still apparently intending to find a new candidate to replace Mr. Grierson and is more likely to want to trade in one of the other jobs in exchange for the energy post.

Director-generals are the top civil servants who head departments immediately below Commissioners. They have a major say in the formation of EEC policy. The Commissioner for energy policy, M. Henri Simonet of Belgium, is also due to leave the Commission shortly to return to Belgian politics.

Britain's bid for the energy job has led to speculation here that the appointment of a British director-general could form part of a compromise designed to solve the problem posed by the U.K.'s demand for a separate seat at the forthcoming Paris conference on energy and raw materials.

EEC officials, however, point out that the U.K. was already interested in the energy job long before the seating at the Paris talks became a Community issue.

On the other hand, the Commission is clearly hoping that prospects for progress towards a common energy policy could improve with a British director-general.

WEST GERMAN DOMESTIC AFFAIRS

Soul-searching in coalition

BY JONATHAN CARR IN BONN

WITH the congress of his Social Democrat Party (SPD) beginning next week, Herr Willy Brandt ex-Chancellor and party chairman, has let slip his expectations of the West German general elections in just under a year's time: he believes that the SPD is going to have to fight very hard indeed to come near to emulating the election result of November 1972, when for the first time it became the largest single party in the Bundestag. But he does think that the SPD's coalition partners—the liberal Free Democrats (FDP)—should achieve a considerably better result than before.

On the face of it his comments appear curious. True, the FDP is an ally, but it does seem odd for a leader to hand out such a plaudit to his allies, while playing down the prospects for his own party. The answer is that almost no one among the top leadership of the SPD believes an absolute majority to be attainable. The party must set its sights on continued alliance with the FDP—with all the friction that entails. Herr Brandt was firing a warning shot in the direction of those in his party who are preparing policy initiatives that the liberals would find unacceptable.

There has been much publicity given recently to demands from the Left of the SPD for "investment-directives," or "steering of investment" as the Germans say—implying in its most extreme form that the state would tell enterprises where they must invest for the general welfare. The idea is, of course, wholly unacceptable to the FDP—and indeed to Chancellor Helmut Schmidt and others on the Right and in the centre of the SPD. But the idea is only a symptom of a wider feeling within the party—more difficult to pin down but potentially more serious.

This year will see an average of some 1m. unemployed in West Germany, and probably next year about the same. An economy programme agreed by the Government a few months ago appears to have begun whittling away at corners of that expanded social security system which many Social Democrats see as the proudest achievement of the past years. Several key reform plans are still blocked for reasons which have nothing to do with recession. The long-discussed, still-disputed proposals for extending worker participation in management is the clearest example.

In this situation it would be curious if there were no soul searching in the SPD. Investment directives are only one example to float into public view. Another is the re-emergence of demands that the Bundesbank, whose monetary policies affect the job prospects of millions, should forsake at least some independence to a parliamentary body.

Much of the soul-searching within the SPD revolves around the question whether the party's own concepts of social justice and economic sense have been subordinated to maintaining the coalition with the liberals. Herr Brandt's answer, and no doubt he will repeat it at the congress in Mannheim next week, is: "Accept some compromise—or go into opposition and see conservatives run the country."

That, of course, presupposes that the liberals, too, will be ready to continue the alliance. The party chairman and Foreign Minister, Herr Hans Dietrich Genscher, has announced that the FDP will not make its views known until next May. But few who attended the FDP congress in Mainz last week can have left without the strong feeling that he will opt for a continuation of the SPD-FDP coalition. The postponement of a formal declaration leaves Herr Genscher a bolthole. It also keeps up the pressure on the SPD to be rather more accommodating to the liberals than it otherwise might be. It also leaves at least some in the political opposition hoping that perhaps the FDP might still be prepared to change partners.

Yet why should the FDP bother to seek new allies if it can obtain most of what it can reasonably hope for from the present ones? For a party which gained only 8.4 per cent. of the vote at the last general election, it carries a remarkable amount of weight in cabinet. Apart from Herr Genscher, who has increasingly impressed as Foreign Minister after a rather slow start, it provides in Herr Hans Friderichs a widely respected and effective Economics Minister and in Herr Josef Ertl an experienced and well-liked Agriculture Minister. The Interior Ministry is in the hands of the Werner Maihofer of the FDP who brings much intellectual stature to his task but who, admittedly, lacks the political cutting edge of some of his colleagues.

The FDP has been doing very well at the regional polls this year. To judge from the confident atmosphere at its congress, it clearly agrees with Herr Brandt's prognosis that the success will continue. Herr Genscher's own expectations are characteristically moderate. With

Hans-Dietrich Genscher

major efforts by all, he feels the FDP could climb above 10 per cent. at the next general election. That does not look a very ambitious target, but would almost certainly be enough to put the FDP nicely back into government, perhaps with marginally increased influence.

The dilemma of the opposition is clear. Should it just accept the FDP and the SPD as birds of a feather and attack them both with everything it has? Or should it try to differentiate, criticising the liberals more in sorrow than in anger, and leaving the door ajar to alliance? In one way the problem is all the greater precisely because the Christian Democratic Union (CDU) and its Bavarian sister party, the Christian Social Union (CSU) might gain an absolute majority between them. Public opinion polls have consistently given them around 50 per cent. of the vote. If the CDU-CSU from the outset spurned any idea of coalition with the FDP, gave the public clear alternatives on every major government policy issue, and fought a tough election campaign, it might just win the day. With economic recession likely to continue and the proportion of those out of a job for a year or more constantly rising, this opposition strategy cannot be wholly dismissed.

Herr Franz Josef Strauss, the forceful leader of the CSU, strongly believes this is the only sensible course to follow. He has taken initiatives which many on the CDU feel go well beyond his competence. For example, he recently sent letters to every CDU and CSU member of Parliament advising them to vote en bloc against a recent accord signed between Bonn and Warsaw involving payments to Poland and exit visas for a number of ethnic Germans to leave Poland for the Federal Republic. Some key CDU men had already made clear that they would vote for the agreement on humanitarian grounds, and the CDU chairman, Dr. Helmut Kohl, had not announced his position on the issue. When he did so, it turned out to be very much that of Herr Strauss, though expressed in more measured terms. Since Dr. Kohl is not only CDU leader but also the candidate for chancellor of both his party and the CSU, the incident did his image no good at all.

Dr. Kohl is a moderate man who conveys an impression of sense, solidity, and honesty. If be were running his election campaign alone he could well attract a fair number of liberal voters without ever offering a formal CDU-FDP alliance. But these voters are likely to baulk at Herr Strauss. In these circumstances there are those very close to Dr. Kohl who feel the best chance for a CDU return to power would lie in a split with the CSU and its leader. Such a split would have profound consequences, altering the political constellation in the Federal Republic and almost certainly encouraging efforts to form a new and effective country-wide party of the right. For this reason even those in the CDU who feel such a breach may eventually prove necessary are not ready to devote all their energies to bringing it about.

OECD split over economic outlook

BY ROBERT MAUTHNER PARIS, Nov. 5.

THE OECD Secretariat and member Governments are in substantial disagreement about the extent of the economic recovery in the industrialised world, particularly in the longer term.

This was the upshot of a two-day meeting here of the organisation's so-called Working Party Three, a group of senior Treasury and Central Bank officials which meets regularly to discuss balance of payments problems and prospects.

Its chairman, Dr. Otmar Emminger, Vice-President of the West German Bundesbank, was at pains to point out at a Press conference that both he, personally, and his Government rejected the OECD Secretariat's latest tentative forecast of only a 1.6 per cent. increase in real German GNP.

This figure appeared to him to be far too low. According to Dr. Emminger economic growth in West Germany, one of the OECD's key countries, was likely to be between 3 and 5 per cent. next year and even this estimate was conservative compared with the Bonn Government's official prediction of at least 5 per cent.

The German growth forecast was of particular relevance to the discussions because some of the delegations continue to be critical of Germany's reflationary efforts, which they consider to be insufficient.

Dr. Emminger predictably sprang to the defence of his Government's current economic and monetary policies which, he claimed, compared favourably with those of other member countries.

Deficit spending of the public sector of West Germany presently amounted to as much as 7.5 per cent. of GNP, monetary policy was by far the most relaxed of any member country, interest rates were the lowest apart from Switzerland and West Germany's basic balance which includes long-term capital movements, was in deep deficit.

Nor was Germany the only country for which the Secretariat and member countries' forecasts differed. Altogether, there were four or five countries who considered the Secretariat's growth predictions for themselves to be too pessimistic, Dr. Emminger said. The same was true as far as estimates for the possible recovery of world trade were concerned.

There appeared to be more agreement, however, on forecasts for the overall payments position of the OECD area in the short and medium term. The Secretariat's forecast of last summer of a global OECD current account deficit of $15bn. for 1975 is now considered to be completely out of date because of the much slower rate of economic recovery than originally expected.

The overall OECD deficit for the current year is now expected to be no more than $3bn. to $4bn., rising to about $10bn. in 1976 as the recovery gets under way and imports of both oil and other products into the member countries begin to rise again.

Only the U.S. and West Germany are expected to run substantial current surpluses this year—$11bn. to $12bn. in the first case and $3bn. to $4bn. in the second—while France and Italy will be roughly in balance and Britain will continue to have a substantial deficit.

More wine charges

BY OUR OWN CORRESPONDENT PARIS, Nov. 5.

ANOTHER DAMAGING scandal is threatening the French wine industry after five people were charged in Bordeaux to-day for allegedly being involved in the doctoring of wine with a dangerous chemical.

The five were not named but were charged after wine inspectors had found that sodium nitrate had been aded to wine in the cask destined for export, especially to the U.S.

This time, it is not Bordeaux-labelled wines which are involved as in the notorious "Winegate" trial of last autumn. In the current case, sodium nitrate has allegedly been added to delicate white Chablis and Pouilly wines to "stabilise" them and thus allow them to travel better to distant markets.

Giscard sacks critic

PARIS, Nov. 5.

PROMINENT Gaullist Alexandre Sanguinetti was dismissed from his post in the French Government to-day after he called President Valery Giscard d'Estaing a "one-eyed" politician and scorned his leadership.

M. Sanguinetti, former Secretary-General of the Gaullist Party, was removed from his job as President of the Government's Overseas Scientific Research Organisation, a Government spokesman said.

In recent radio interviews he had belittled M. Giscard d'Estaing's capabilities and said that the Gaullists supported him in last year's Presidential elections only because the other candidates were worse.

"It was a struggle between the one-eyed man and a blind man. One of the one-eyed men had better sight than the other and that was Giscard," he said last week.

The other two men he was referring to were left-wing candidate Francois Mitterand and former Gaullist Premier Jacques Chaban-Delmas. Reuter

Jobless total continues to rise

BY GUY HAWTIN FRANKFURT, Nov. 5.

WEST GERMAN unemployment rose a further 55,600 last month to a total of well over 1.06m. In percentage terms it increased from September's 4.4 per cent. to 4.6 per cent., according to figures released to-day by the Federal Labour Office.

This was "no surprising development," said Herr Josef Stingl, the Labour Office President, who ascribed the increase to seasonal factors. A particular boost had resulted from the fact that office workers' terms of notice expired at the end of the quarter.

However, there was a substantial increase in short-time working—by 78,100 to 716,000. There was also a considerable fall in the demand for labour—vacancies fell 25,000, or 10.8 per cent., to 209,600.

Herr Stingl said that data showed that the economic downturn had slowed greatly and in certain sectors had come to a standstill. However, he warned that an early change in the labour market could not be expected and that the next development to be expected was a slow stabilisation of the situation.

The October figures show an above-average increase in unemployment among women. Their unemployment rate was running at 5.9 per cent. the number of women on the dole rose 34,300, or 7.4 per cent. to 495,000. Male unemployment rose much more slowly, up 21,300, or 3.9 per cent. to 565,500. The unemployment rate among men was 3.7 per cent. at month's end.

Crucial steel pay talks start tomorrow

BY OUR OWN CORRESPONDENT FRANKFURT, Nov. 5.

THE FOURTH and possibly final round of Ruhr steel industry pay negotiations is to open on Friday, with both sides in firmly entrenched positions, having left, observers feel, little room for manoeuvre.

The big IG Metall trade union has shown no inclination to budge from its demand of an 8 per cent. increase with important improvement in fringe benefits, while the employers, who have suffered a major downturn in demand this year, are apparently determined not to agree to more than their "prediction" of a 5 per cent. settlement. The pay talks covering 40,000 Saarland workers ended yesterday without agreement.

There can be little doubt that the employers are arguing from a position of comparative strength. Although there was a mild improvement in September, output this year has sunk below 1971 levels, the darkest period of the last downturn. Short-time working is general throughout the industry and, although redundancies have been comparatively few, recruitment has been stopped by most major concerns.

Moreover, the long-term implications of the fringe benefit demands are probably causing the employers as much concern as the straight forward pay demand. IG Metall is seeking an increase in holiday money that is likely to prove the thin end of the wedge for future demands for a fourteenth month's pay. Steel workers already receive, as of right, an extra month's pay a year—a form of compulsory bonus.

The holiday money demand is undoubtedly aimed at the eventual institutionalisation of the fourteenth month pay and is likely to be strongly resisted. Fringe benefits are already hitting the employers hard and their cost has been rising fast. Before the last pay settlement the employers published figures showing that in 1973 for every DM100 in direct pay the employers paid a further DM63 in fringe benefits. In 1972 the proportion was DM52 for every DM100 in direct pay.

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The trouble is, everybody goes looking for them at the same time.

And when that happens there's no saner place to be than in a Volvo 244.

Those big bumpers were made for the cut-and-thrust of city parking.

Built-in rubber shock-absorbers soak up minor collisions before they can put a dent in the car's bodywork. Or your bank balance.

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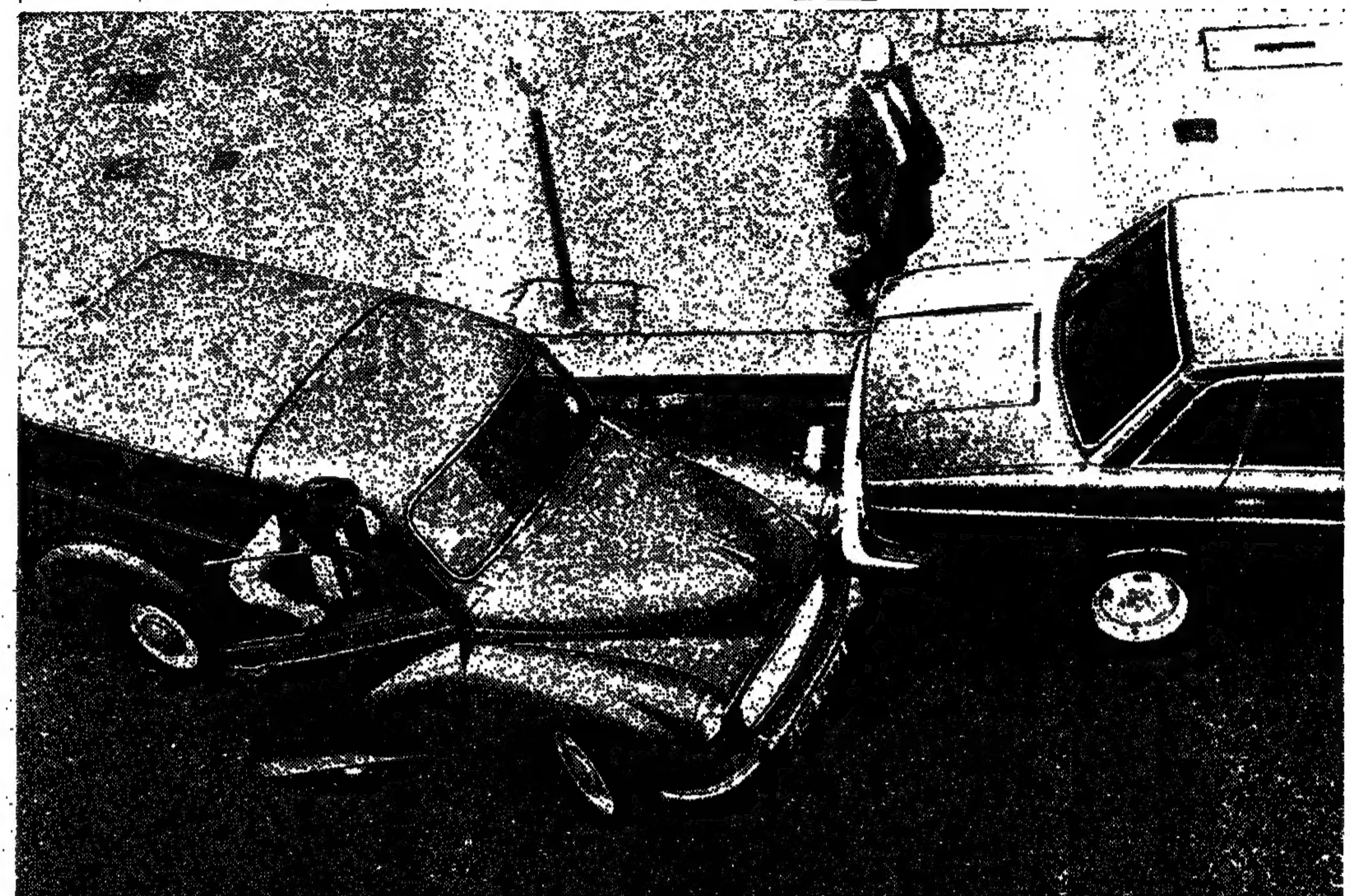
Whilst two impact-absorbing crumple zones look after you front and rear.

Just sitting in a Volvo has a wonderful calming effect. You feel more secure because you are more secure.



The more parkers there are, the more bad parkers there are.

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But the Volvo doesn't merely help you survive the traumas of the city, it also helps you avoid them.

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Rack and pinion steering makes the Volvo light and precise to manoeuvre, whilst acceleration from 30 mph to 50 mph is the best in its class.

Like many 2 litre cars, the 244 also has dual-circuit brakes, but unlike most other cars, it gives you 80% braking efficiency should one circuit fail.

The advantages, needless to say, don't stop at the brakes.

Sitting in a traffic jam is never fun, but it's more bearable if you're sitting in comfort.

The Volvo's seats were designed by people who knew their subject backwards – orthopaedic specialists.

They built into the Volvo seat a unique lumbar support that gives the small of your back the precise support it requires.

(Curiously, this can change over the course of a journey, so you need a seat that can change, too.)

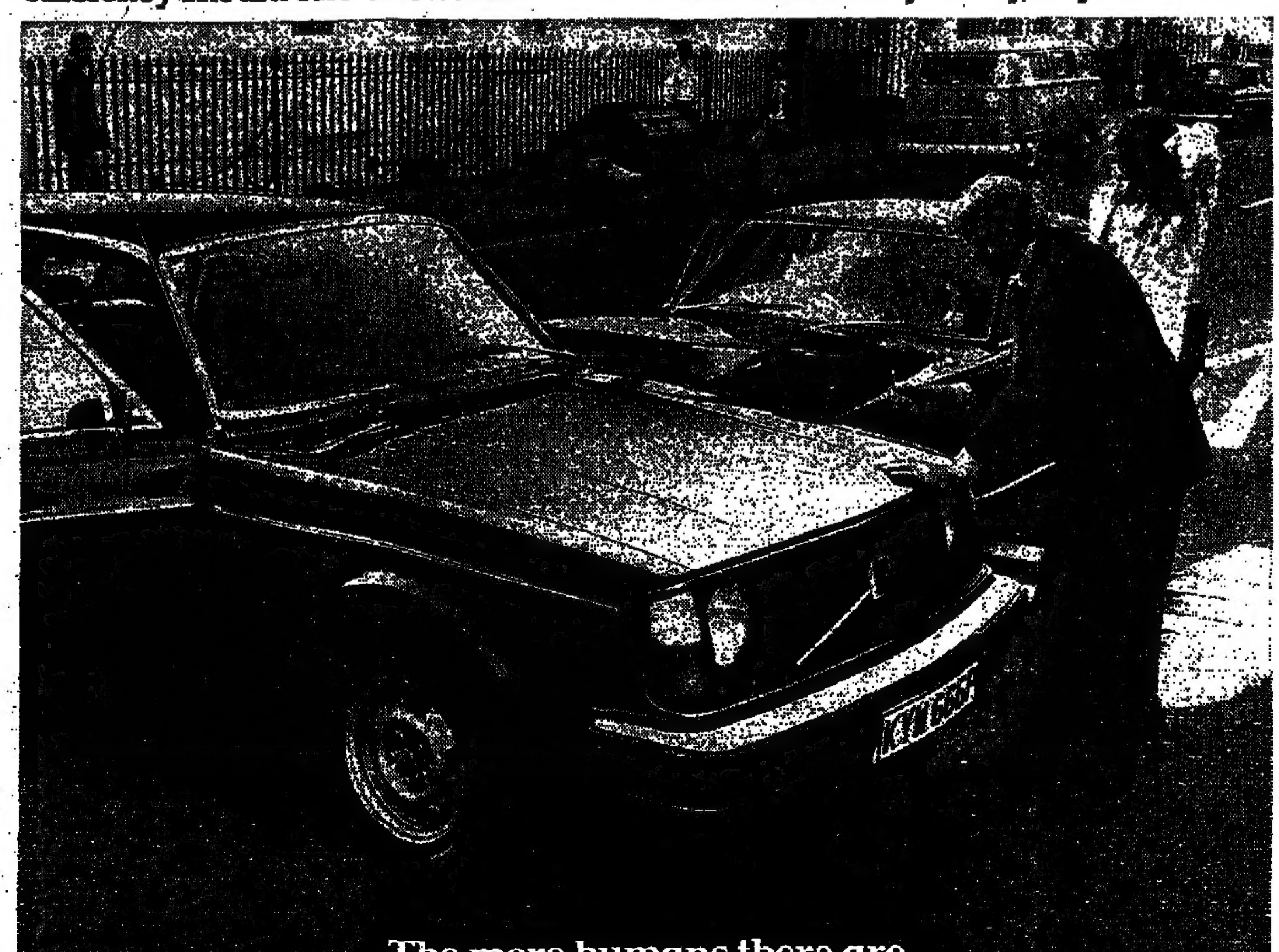
Working on the same principle that comfortable drivers are more likely to be good drivers, we gave the 244 a very sophisticated ventilation and heating system.

Even with all the windows shut, the air inside the 244 is changed every few minutes.

(In all, there are 12 ventilation points, including two specially positioned to keep the side windows from misting up.)

The heater is everything you'd expect from a car that's been built to withstand a Swedish winter.

Even with 25 degrees of frost outside, it's possible to have 27 degrees of heat inside.



The more humans there are, the more human errors there are.

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The 244DL or the 244GL?

The GL has a fuel injection version of the 2.1 litre engine and develops 123 hp DIN as opposed to the DL's 97 hp DIN. (Both run happily on 2 star petrol.)

The GL also sports a steel sun roof, leather faced seats, tinted glass and a special steering wheel.

Of course, the best way to decide is to take a test drive, and here we have one final suggestion.

Arrange it for first thing in the morning.

When the traffic is at its worst – and the Volvo is at its best. **VOLVO**

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Talks soon to hold price rises at 5%

BY ELINOR GOODMAN

TALKS will begin next week between trade associations and their sponsoring Government departments about how to hold price increases on certain key items of household expenditure to 5 per cent. in the six months to July 31 of next year. This will be made clear in a letter to be distributed to members of the Confederation of British Industry and the Retail Consortium to-day setting out the broad outline of what is to be known as the "Selective Price Restraint Scheme."

Basic idea

The letter will, it is understood, stress the Department of Prices' aim to make the scheme as broad in its coverage as possible. The only areas covered by the Retail Price Index which *are definitely excluded* at this stage are rates, rents and mortgage repayments. Thus services provided by the nationalised industries as well as by private operators will be included.

Although no specific list of products has yet been drawn up, the Department is understood to have outlined over 70 product categories of household expenditure, including clothing, footwear and alcoholic drinks where it would like to see manufacturers "voluntarily" holding at least some of their price rises to 5 per cent. in the first half of the year.

The basic idea behind the price restraint programme remains the same as that outlined to industry representatives last week. Trade associations representing manufacturers of the type of product suggested in the list will be asked to discuss with their members the possibility of holding price rises on certain lines to 5 per cent. by, *if necessary, loading the increases* on to other products in their ranges.

Thus the Cocoa and Chocolate Alliance would be rst asked by the Ministry of Agriculture and Food to identify those products where cost increases would in any case lead to price rises of less than 5 per cent. *between* February and July. If no such products can be found, then member companies will be asked to agree on certain broad ranges—all milk chocolate bars, for example—where they will limit price rises to under 5 per cent. by cross-subsidisation at the expense of other products.

Failing agreement on such a wide scale, they would be asked to limit price rises on a still narrower range—say, milk chocolate bars under 10p.

Where the Government is unable to get across-the-board agreement on a product range, retailers will be asked to step in and fill the gap by holding price rises to *under 5 per cent.* on those items in the selected range on which manufacturers have put up the price by more than 5 per cent.

The Department has apparently accepted that any such undertaking on long-term pricing *must incorporate* some escape clauses for manufacturers who are hit by unexpected cost increases. It has also taken note of suggestions that manufacturers might be tempted to make such undertakings only on products of which they have a limited supply.

*For this reason, it is under*stood that manufacturers will be asked to ensure continuity of supplies for the duration of the scheme, although as industry may point out, such an undertaking about supplies might prove difficult to keep if the cross-subsidisation programme severely distorts traditional buying patterns.

Hartley Baird auditors removed at general meeting

BY MICHAEL LAFFERTY

THE AUDITORS of the Not*tingham engineering group,* Hartley Baird, were yesetrday removed from office at an acrimonious general meeting of the company. This was done under a revised resolution supported by Mr. Christopher Morris, the insolvency partner of Touche Ross, a leading City accounting firm.

Mr. Morris was acting in his capacity as Trustee in Bankruptcy to Dr. Kurt Wallersteiner, a former chairman of Hartley Baird.

The meeting, which had been adjourned from March 5, also voted on a show of hands to reject the accounts for the year to April, 1974. A poll was called for but the accounts were still rejected by a majority of 578,850, with only 402,123 votes in favour of acceptance.

Greenhalgh Sharpe and Co., are to be replaced by Whinney Murray, another leading city accounting firm, "subject to their signifying their willingness to act."

Last night Mr. Gerard Crole, an audit partner in Whinney Murray, said that his firm would accept the appointment as far as Hartley Baird was concerned.

Referring to a proposed *resolution to appoint Whinney* Murray as auditors of H. J. Baldwin, a major Hartley Baird subsidiary, Mr. Cole said that his firm had declined to let its name go forward. He was surprised to see that Mr. J. G. Moir, a well-known dissident shareholder of the parent company, is to move a resolution at Baldwin's AGM on December 15 appointing Whinney Murray auditors in place of Stanley Blythen and Co., the current auditors.

In view of the changed circumstances he admitted that the firm might now reconsider its decision.

Hartley Baird made a pretax loss of £40,392 in the half-year to October 31, 1974, after providing for legal costs in respect of the action brought by Mr. Moir against Dr. Waller*steiner, Hartley Baird, and* H. J. Baldwin.

Judgments of almost £400,000 have been given in favour of the companies against Dr. Wallersteiner, who was adjudged bankrupt on October 16.

The proceedings against Dr. Wallersteiner, who now resides in Germany, were started by Hartley Baird.

According to the notice of the meeting, shareholders were only asked to remove the *present auditors.* However, the Trustee in Bankruptcy, Mr. Morris, seconded by Mr. Moir, proposed that this should be amended so as to appoint Whinney Murray in their place.

After considerable disorderly debate—during which Mr. Morris's solicitor gave advice on the legality of the proposal and Mr. Ellis Bor, the Hartley Baird chairman, twice declared that he could not accept the amendment—the revised resolution was eventually put to the vote and approved overwhelmingly.

Last night Mr. Morris emphasised that his action did not imply any criticism of Greenhalgh Sharp but was prompted by a desire to ensure that the company was not left without auditors.

During the meeting Mr. Morris dissociated himself from remarks made by other shareholders present.

Mr. B. Kimble, senior partner of Greenhalgh Sharp, said he was very disappointed at being removed in this way. "But in view of the unfounded criticism which has been levelled against my firm we no longer wanted the audit," he said. "We would have resigned in any case," he added.

Hill Samuel Life buys control of Reamhurst properties

BY QUENTIN GUIRDHAM

AFTER CASH flow problems in Reamhurst Properties, which has a £30m. European portfolio, Hill Samuel Life Assurance has bought full control of the company and will provide guarantees to complete its developments.

At the same time, it will attempt to sell those buildings which are completed and let. Of these, those in France, Belgium and Holland are already on the market and Hill Samuel Life Assurance hopes to have liqui*dated Reamhurst's properties* within two years.

Apart from the £3m. which is considered necessary to complete Reamhurst's development programme, HSLA's liabilities stand at £6¼m. worth of guarantees given to the Continental banks which have financed Reamhurst. The company's portfolio has recently been independently valued at around £30m., which, both Reamhurst and HSLA state, produces a surplus on costs so far.

HSLA had originally acquired 35 per cent. of Reamhurst on its *formation in 1972, the other 65* per cent. being held by the founder, Mr. Julian Markham. The stated intention then was for the life assurance company to provide the long-term finance necessary for development and investment activities.

In practice, HSLA has provided no direct finance, apart from a £525,000 debenture and £250,000 of equity. It has been inhibited from providing funds by a Department of Trade Order, issued under the Insurance Amendment Act of 1973, on life companies which had changed hands within the last five years. The provisions were consolidated in the Insurance Companies Act of 1974.

HSLA received an Order because of its purchase of Noble *Lowndes Annuities in 1969.* The Order prohibits transactions with connected persons, thus prohibition covering casse where an assurance company owns more than 33⅓ per cent. of an associate.

Reamhurst fell within the *prohibition, so from March 1974,* when HSLA received its Order, it was prohibited from advancing money or guarantees to the property company.

However, HSLA indicated yesterday that at present it was anyway unwilling to advance money to Reamhurst without the full control which allows it to sell off the portfolio. In deciding to sell, it has considered that because the Reamhurst assets are abroad they might not be considered U.K. assets, though Reamhurst is based in Britain, to match against its U.K. liabilities.

In finding a solution when Reamhurst was unable to meet interest payments, HSLA has consulted the Department of Trade. It is understood that the Department favoured the solution of a full takeover.

Mr. Bernard Johnson, investment director of HSLA, who becomes chairman of Reamhurst in succession to Mr. Markham, said yesterday that the company had "a portfolio of first class properties in Europe, mainly let to substantial tenants and a number of developments now nearing completion.

Rank Xerox products on sale next year

BY ROY LEVINE

IN A move anticipating the coming Monopolies Commission report, Rank Xerox (U.K.) said in London yesterday that most of its products would become available for outright purchase from next year.

Unlike its U.S. parent, Xerox Corporation, Rank Xerox (U.K.) markets its products exclusively on a rental basis.

In May, 1973, Sir Geoffrey Howe, then Minister for Trade and Consumer Affairs, initiated an investigation by the Monopolies Commission into indirect electrostatic reprographic equipment, which mainly concerns the plain paper copiers sold by Rank Xerox.

However, over the last two years many companies have brought plain paper copiers on to the market, most of which can be rented or bought. As a result the market share of over 90 per cent. which Rank Xerox enjoyed has fallen, although the company still dominates the market.

Prices of Rank Xerox products will vary from £1,750 for the 660 to £18,150 for the 7000. The company has not yet determined prices for its three latest products—two copiers, the 4500 and 9200, and an electronic typewriter.

In general, its prices are a little higher than competitive products. There is no doubt that its customers can save by outright purchase, depending on *their copy volumes. For example,* the 660 model handling 2,500 copies a month would pay for itself in 3¼ years.

According to Mr. Hamish Orr-Ewing, managing director of Rank Xerox (U.K.), about a fifth of its customers would benefit by outright purchase and he expected about three-quarters of these to make the conversion from rentals over the next 12 months.

New rules on life insurance likely

By Eric Short

THE GOVERNMENT hopes to bring out soon further regulations under the Insurance Companies Act which would deal with connect'ons between insurers and intermediaries and with insurance advertisements, Mr. Clinton Davis, Under Secretary of State at the Department of Trade, said last night.

Speaking at the Croydon Insurance Institute, he said that the intermediaries regulation would require disclosure of significant links between intermediaries and insurers, financial, personal or exclusive agencies.

In the absence of an agreed definition of a broker, however, the Government could not go all the way to satisfy the publ'c that they were dealing with an independent intermediary or receiving independent advice.

To find the answer to the long-stand'ng question of what is an insurance broker and how should he conduct his business, the Government had asked the four broking associations to prepare a specification of an insurance broker and to make recommendations for insurance broking to be supervised through a brokers' professional institute or by means of an official licensing scheme.

Mr. Davis referred to complaints made by consumers over their insurance policies, which he said mainly resulted from a lack of understanding of the contracts. In particular, the position on early surrender of life policies was a major source of misunderstanding.

There was a real need and a moral duty for people selling life assurance as savings plans to explain some very basic and simple facts, even if such action would warn off possible customers.

Wholesale petrol to go metric

Financial Times Reporter

WHOLESALE petrol supplies will go metric from the beginning of next year, but the average British motorist is unlikely to buy petrol by the litre before 1980.

The Metrication Board yesterday issued a leaflet, Going Metric in the Petroleum Industry, which said that bulk sales of petroleum *products would go metric on* January 1. The Goverrment, however, has still made no statement on when forecourt conversion is to occur.

The Institute of Petroleum said it would take two years to plan the changeover to metric standards at the retail level and a further two years to convert equipment, which means that there could be no significant changes before 1980.

Stonehouse cleared of 5 charges—sent for trial on 16

FINANCIAL TIMES REPORTER

FIVE CHARGES brought against Mr. John Stonehouse, MP, for trying to defraud insurance companies out of £125,000 by faking his death in November 1974 were dismissed at Horseferry Road Court, London, yesterday, after successful legal *submissions* by his counsel.

Mr. Kenneth Harrington, the magistrate, sent him however to the Old Bailey for trial on 16 other charges.

The magistrate took the view that there was not enough evidence to show that *Stonehouse* had tried to induce any of the insurance companies to pay money to his wife on life policies issued before he vanished, as no claims had been made on them by anyone before he turned up alive in Melbourne.

The trial will probably be arranged for some time early next year.

Before Mr. Stonehouse was committed for trial, he handed the magistrate a signed copy of his book Death of an Idealist and told him: "This is a malicious political prosecution brought by the establishment in an attempt to destroy me because I refused to resign as an MP and am an embarrassment to them.

"Millions of pounds have been through my hands in public life. Had I been the grotesque caricature of greed conjured up by the prosecution, I could long ago have lined my pockets.

"The prosecution has presented a case of crazy, callous and contemptible actions entirely out of character for a Privy Counsellor.

"When I surfaced in Melbourne I needed psychiatric treatment, but I was irremediably branded a criminal as if the words were tattooed on my forehead and became Scotland Yard's answer to Ronald Biggs.

"I am innocent of these charges and will seek no special privileges in facing them. But I will not present my defence now to be squandered on those who have sought to make a public entertainment out of my problems."

Both Mr. Stonehouse, aged 50, and his former secretary, Mrs. Sheila Buckley, aged 29, were sent for trial on charges of stealing thousands of pounds from an export company he ran and of conspiring to defraud its creditors. The Crown case is that the money was taken to provide funds for their new life in Australia.

Mr. Stonehouse was also sent for trial on charges of uttering forged passport and birth certificate applications and obtaining overdrafts by false pretences. He elected to go for trial on charges of making false statements in his legal aid application.

Privy Council ruling improves claims security

BY A. H. HERMANN

THE SECURITY of business claims against foreign governments has been enhanced by the Privy Council ruling yesterday that a foreign government owning a vessel operated as an ordinary merchant ship and neither in, nor destined for public use, cannot claim sovereign immunity in actions brought against the vessel for goods supplied or disbursements.

The Privy Council judicial *committee dismissed an appeal* in which the Philippines Government, as owners, claimed immunity in respect of liabilities attaching to the Philippine Admiral, built in Japan for the Philippines under a reparations treaty after the war.

In his judgment, Lord Cross of Chelsea said: "In this country—and no doubt in most countries in the Western world—the State can be sued in its own courts on commercial contracts into which it has entered and there is no apparent reason why foreign states should not be equally liable to be sued there in respect of such transactions."

The vessel had been conditionally sold to, and operated by the Liberation Steamship Company, a Philippine company which was responsible for payments of $HK90,160 and $HK75,207 for delivered goods and disbursements claimed in two actions brought against them by Valem Shipping (Hong Kong) Ltd.

But when an order for appraisement and sale of the vessel was made on October 8, 1973, the Philippine Government, as owners of the vessel, stepped *in and succeeded before Chief* Justice Briggs in the Hong Kong Supreme Court in having the writs set aside.

This decision was reversed by the full bench of the court which held that in order to benefit from sovereign immunity the government must be the "operator" of the vessel and further that the operation must be for public use. The Philippine Government appealed to the Privy Council but this upheld the decision of the Hong Kong Supreme Court.

In the meantime the ship was released from arrest on a bail bond of $HK5m. (about £450,000) and the order for appraisement and sale was discharged.

Britain to accuse Spain of dumping steel

BY ROY HODSON

SPAIN will be accused by the British Government within the next few days of dumping certain types o steel in Britain.

After examining the representations from the British Steel Corporation and the private steel sector, the Department of Trade has concluded that imports of Spanish reinforcing bars are so far below the fair market price as to constitute dumping under the United Kingdom (1969) Act.

The next step after the Government announcement will be to decide upon appropriate anti-dumping action against the Spanish steel companies. An anti-dumping duty could be imposed.

Action against Spain is not so primarily aimed to stem the volume of the Spanish steel imports—they have been running at about 7,000 tons of reinforcing bars a month—as to stop Spain creating an abnormally low price in the British market.

Disruptive

Spanish steel is being priced at about £88 a ton landed at a British port compared with a price on the domestic Spanish market of round about £135 a ton.

The British home price for such steel is £115 a ton, but producers have been forced to cut their prices to the low level created by Spanish imports.

The Government has been encouraged to act after the conclusion of the European Economic Commission last week that action against this form of alleged dumping would be in conformity with GATT rules.

If Japanese steel imports into Britain continue to prove disruptive and the industry can make out another case of dumping, it is possible that similar action will be taken against some Japanese steel products.

ABTA tightens code on last minute holiday surcharges

BY ARTHUR SANDLES IN MIAMI BEACH

RULES affecting last minute surcharging and late cancellation of holidays by package tour operators are being tightened.

A new code of conduct finally thrashed out in Miami Beach during the annual convention of the Association of British Travel Agents strengthens the rules after pressure from the Office of Fair Trading and the Civil Aviation Authority.

A new clause in the code, which comes into operation on January 1, forbids operators making surcharges as a result of exchange rate changes affecting hotel accommodation less than 30 days before departure.

Cancellation

Another change is aimed at stopping the cancellation of holidays after the final invoice has been issued. Clients who are "overbooked" must be offered the choice of cancellation or alternative accommodation, and if they actually arrive in a resort to find themselves placed in inferior accommodation "disturbance money" will be paid.

The changes fall a long way short of some guarantees already being offered by operators such as Thomson, British Airways, Cosmos and American Express.

Mr. Harry Chandler, chairman of ABTA touring operating council, said that there were disagreements and that some members felt that their rivals were indulging in "risk taking on a massive scale."

The operators have been unable to win price guarantees from the airlines so have not guaranteed that there will be no fuel surcharges. But, perhaps more importantly, neither does the code contain any consumer option to cancel if surcharges soar to an unacceptable level.

Lord Boyd Carpenter, chairman of the Civil Aviation Authority, said he was not happy about the omission of this cancellation option.

Mr. Harry Chandler said that there simply had not been time to reach agreement, but a rule giving an option would be introduced the moment some major operators offered clients the chance of cancellation if surcharges raised the price by 10 per cent. or more. Lord Boyd Carpenter said that he welcomed the new code and felt it went "a very long way" towards meeting CAA requirements.

Mr. Chandler confirmed that ABTA intended to enforce its disciplinary procedure for those companies which broke the code rules. Action was being considered against companies alleged to have misbehaved this year.

It emerged during the meetings that the Civil Aviation Authority remains keen to introduce advance booking charters into European air routes.

Airline 'commissions war' now appears less likely

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE DEPARTMENT of Trade appears to be winning its battle to prevent any kind of "commissions war" breaking out among the airlines which fly into and out of the U.K.

More than 30 have already agreed to the Department's request at the end of last week that they should offer only 7½ per cent. commission on all tickets sold here, with an additional 2½ per cent. commission allowed on inclusive-tour ticket sales.

Many other airlines out of the 84 approached by the Department have said that they are waiting for head-office instructions, but have indicated that they will probably accept its rulings.

The Department made its request in a letter to the airlines to bring some stability into the commissions situation.

The letter came after a decision by Pan American World Airways to accept the Department's ruling although earlier this year it had sought to offer higher commissions to agents, raising the possibility of a "commissions war."

Court ruling

A High Court ruling confirmed the Department's right to lay down commission levels on ticket sales in the U.K.

The question of commissions worldwide is being discussed this week by the member airlines of the International Air Transport Association at a meeting in Cannes, which is also discussing fares levels.

They are considering a plan to raise the basic level of commission paid to all IATA-accredited agents to 8 per cent., but this appears to be running into some difficulties.

The Department while anxious to see the airlines settle the commissions issue among themselves, does not want to see the stability of the U.K. air transport industry threatened by any dispute if the airlines fail to agree at Cannes.

It is, therefore, making sure in advance that the airlines understand that so far as the U.K. is concerned, a 7½ per cent. commission rate will prevail if the Cannes talks founder.

The Department yesterday began talks in London with representatives of the U.S. Civil Aeronautics Board on another issue in civil aviation—the future level of charter operations on the North Atlantic.

New Concorde's maiden flight

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE FIRST Concorde for British Airways—production aircraft no 6—made its maiden flight yesterday from the British Aircraft Corporation's factory at Filton, Bristol, to the Concorde flight test base at Fairford, Gloucestershire. It was airborne for three hours 20 minutes, of which one hour was at supersonic speed.

It was the tenth Concorde to fly, after the two prototypes, two pre-production aircraft and the first five production models. It will be used for crew training and "acceptance flying" before being formally handed over to British Airways in early January.

The airline will put it into regular fare-paying passenger service on the London-Bahrain route on January 21. Air France has already taken delivery of its first Concorde, production aircraft no. 5.

The earlier production aircraft, nos. 1 to 4 have been used extensively in the flight test programme over the past year. Two of them are still being used for tests, but the other two are back in the factory being refurbished for delivery to the airline next year.

Production is well ahead on the remaining Concordes out of the 16 authorised by the British and French Governments so far.

Builders expect less work

BY MICHAEL CASSELL

MANY BUILDING companies, already hit by one of the worst recessions since the last war, expect a further fall in work next year.

A survey by the National Federation of Building Trades Employers among 650 of its members shows that two-thirds of those who replied were receiving fewer inquiries over possible work than at the time of the last inquiry in June.

The federation says there was a particularly sharp drop in inquiries for private industrial and commercial contracts and for public sector, non-housing work.

More than 66 per cent. of the companies said they were operating at three-quarters capacity or less and this proportion is expected to rise to 75 per cent. within the next six months.

At the same time, 65 per cent. of builders thought they would do less work next year than in 1975 and about two-thirds have already reduced their labour forces, often substantially.

Disturbing

Mr. Ernest Smith, president of the federation, describes the situation as "most disturbing" and says more direct Government help is urgently needed to help create new work without delay.

The help would have to be "very substantially more" than the recent £32m. Government package, which would have only a minimal effect on the jobless crisis among contractors.

"I cannot stress often enough that the deeper the recession gets, the greater the damage to our industry's ability to recover quickly enough to act, as the Government always expects it to, as a major stimulant to the national economy when the time for expansion comes."

Social work training is to be expanded

A LARGE expansion in training facilities for social workers was disclosed in a report published yesterday by the Central Council for Education and Training in Social Work.

The report showed that since 1970 more than 130 student training units have been set up, mainly in local authority social service departments and voluntary agencies, compared with 50 during the previous 40 years.

The local authority social worker force in England and Wales, including the probation service, is about 20,000. The annual intake to professional social work courses in the United Kingdom is about 3,500. Of this figure, 1,435 students do 50 per cent. of their training through 145 student units based in hospitals, voluntary agencies, local authority and probation and aftercare services.

FINANCIAL TIMES CONFERENCE

Time to face truth on company profits, Howe says

BY BRUCE ANDREW

IT WAS extremely important to reveal, and to face, the truth about the disastrously declining profitability of British companies, Sir Geoffrey Howe, shadow Chancellor of the Exchequer, said in London yesterday.

"Until we have an accurate insight into the performance of our corprate sector, Government will be pressed to adopt policies which, intentionally or not, will impose destructive burdens on British companies."

Sir Geoffrey was speaking at a conference on inflation accounting and the implications of the Sandilands report, organised by the Financial Times in conjunction with the Institute of Chartered Accountants in England and Wales.

He said that almost half the profits proclaimed in 1974 "were not real profits, but merely arithmetical fictions, generated by inflation. And it was these same mythical profits that have had to bear the burden of corporate taxation.

He also drew attention to the lessons of the Sandilands report for the taxation of capital gains.

"At present rates of taxation and inflation, our so-called capital gains tax rapidly amounts to simple confiscation. For an investment of £1,000 in 1965 to retain its post-tax value to-day it would have needed to increase its cash value to no less than £3,100. The Financial Times index comes nowhere near to offering that kind of return."

He agreed with the Sandilands committee that the critical impact of inflation, so far as individual companies were concerned was the impact of changes in the specific costs and prices of the goods that they purchased and assets that they owned.

But the other issue, with which Sandilands did not deal directly, was reporting the effects of changes in purchasing power and the "arbitrary transfer of real wealth from those who have made loans fixed in money to those who have borrowed money."

The Sandilands proposals did not recognise the effects of the net monetary gains or losses which accrued to a company as a result of this phenomenom.

It was common ground, and one of the major failures of the economy had been the absence of well directed and successfully exploited investment. "We believe that enterprise and investment have been lacking because adequate profits have been eliminated—largely because of inflation itself."

Company profits net of stock appreciation had been a steadily declining proportion of total domestic income. Their share had fallen from 15 per cent. in 1964 to a little over 10 per cent. in early 1972. Since then, in a period of accelerating inflation, their share had dropped to less than 6 per cent.

"Against this background, Sandilands spells out a very sombre message: that because of inflation companies have been making far smaller profits in real terms than they had been declaring in terms of wasting pounds. Almost half the profits proclaimed in 1974—and duly denounced by the Left—were not real profits."

If the Sandilands proposals were applied, the true picture would be revealed "and for some the truth will be very sombre. In some cases, post-tax profits will be revealed as almost non-existent. Companies will be seen as consuming their own seed-corn."

Fundamental

Referring to the tax implications of Sandilands, Sir Geoffrey said that he was not convinced that basing taxation on current cost profit would involve so fundamental a change that it should not be introduced without a comprehensive review of the taxation system as a whole, extending beyond the corporate sector. He did not favour setting up a Royal Commission for this purpose.

Mr. Martin Gibbs, of stockbrokers Phillips and Drew, speaking on the implications of Sandilands report for investors, said that the whole reason for Sandilands was to show the world that there was something wrong with the present price control system.

The report was an important step forward in accounting, but he would like to have seen it taken a stage further by incorporating some of the elements of the CPP (current purchasing power) system.

"The important thing is that historic cost accounting has been tried and found wanting. It is dead and should be buried as soon as possible."

Mr. Gibbs presented estimates of the effects of applying the Sandilands proposals to 100 leading British companies which showed that profit for 1974/75 and forecast profits for 1975/76 would be about 60 per cent. less than conventional profits.

If monetary gains were included, the aggregate profits would be comparatively little changed from the conventional basis, but this masked considerable differences between individual companies. Several sectors showed higher profit, particularly entertainment, catering and breweries. Among the worst affected sectors were banks, oils, and some of the more cyclical industries.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TRANSPORT CONTROL

Electronic map shows vehicle's position

THE WRAPS have been taken off a prototype radio-based vehicle location system by Decca Survey. By adding a simple receiver costing about £300 to a vehicle already equipped with VHF radiotelephone, a vehicle's position can be fixed on a central station display "to within a few tens of metres."

Four geographically fixed radio stations suitably spaced and working in time-multiplex mode at a single frequency in the 70 to 150 kHz band would be needed for the system, which is a variant of the company's Hi-Fix 6 hyperbolic technique.

Their total cost (excluding displays and computer) is unlikely to exceed £150,000 states Decca, and it is understood that if Home Office or similar Government funding is not forthcoming *Decca will probably construct* stations for London as a private venture. They would employ a very simple low height aerial with transmitters of a few kilowatts. Such a system would cover an area of about 120 miles diameter, claims Decca.

Demonstrations to police and emergency services, security vehicle companies, taxi fleet operators, bus companies, airport authorities and the military have been held at Decca Survey's Leatherhead works over the last week and particular interest has been shown in the low cost of the vehicle equipment and the effect its use would have on fleet efficiency and security simply by knowing where each vehicle is at any moment.

Called Decalert, the system is based on the time for signals to reach a vehicle from three fixed stations, recognised in the receiver as phase differences. For one pair of the stations this gives rise to a set of hyperbolic lines separated by half the wavelength of the signal along the line joining the stations.

A second set of such lines arising from another pair of the stations intersects the first, giving positional data, but with half wavelength ambiguity. This is removed by further transmissions at a *frequency 10 per cent.* different from the first. In effect, "difference" sets of hyperbolic lines are produced, so widely separated (several miles) that it is evident to the equipment where the vehicle must be.

The important point about the Decca system is that the electronics needed to derive position from received signals is placed at the base control station, not in the vehicle equipment, reducing the latter's size and cost.

This is done by heterodyning the received signals down to frequencies of about 2 kHz while maintaining the phase differences between them and this the vital positional data. These audio tones are impressed on the carrier of the vehicle's existing vhf radiotelephone and retrieved at base.

The phase differences are detected (unhampered by radio interference, which leaves phase unaffected) and the base computer derives co-ordinates which can be displayed on electronic road maps (on a crt face), plotted automatically on paper, or printed out as numbers and plotted manually.

These processes take only milliseconds, so that many vehicles can be accommodated by sequencing their vhf transmitters using timing instructions radiated by the low frequency transmitters. The limitation is the time available on the vhf channel without upsetting speech working—about 100 vehicles is possible per vhf frequency. Normal r/t traffic can be conducted and the speech users are unaware of the many short data bursts.

The vehicle unit measures 275 x 170 x 55 mm and is easily tucked away in the boot of a car. Installation is fairly straightforward and only simple modifications would be needed to the microphone stages of the existing vhf radio-telephone.

The company has a demonstration version of the system working over a small area based on Leatherhead. More details from Decca Survey, Kingston Road, Leatherhead, Surrey (Leatherhead 76971).

GEOFFREY CHARLISH

Assesses vehicle profits

AN ACCOUNTING system offering vehicle fleet operators an automatic method of comparing costs with income and assessing profitability for each vehicle has been introduced by Burroughs Machines, *Heathrow House,* Bath Road, Cranford, Hounslow, Middlesex. TW5 9Q1. (01-759 6522).

Based on the company's C7203 programmable calculator, the system uses a magnetic card for each vehicle. During the accounting period income and cost data are recorded on the card via a numeric keyboard. At the end of the period (for example, monthly) each card is read by the C7203 to produce a report which gives a vehicle operator all the information needed for the period and year to date for him to assess profitability, assuming he has fed in the correct figures.

In addition to total of cost and income figures, the report gives the operator a breakdown of cost and income per mile and per hour for each vehicle as well as figures for labour, oil, fuel, and maintenance. The profitability of each vehicle is shown both in value and as a percentage of cost.

Burroughs says: "With the information provided, a fleet owner can immediately identify any weak spots and then decide either to alter his charges or route schedules to save time or mileage, change the type of work done by the vehicle, make it more economical, or change or replace it."

It is claimed that the system can be used by any fleet operator, (down to 15 vehicles) including road hauliers, coach and bus operators, taxi and car hire, car rental, plant hire, company car fleets etc.

An increase in profitability of £8/week gross would more than cover the cost of the system, says the company. The machine, plus the program and assistance in establishing the system, costs £1296. Alternatively, it may be rented from a leasing company at about £35/month.

The company calculates that, bearing in mind the allowances that can be claimed on leased equipment, this would actually cost about £4/week over a 5 year period. For the first two years there would be a cash inflow.

The machine can, of course, be used for other functions with suitable programs (these cost about £150 each). For example, a baker is using the system for recipe costing, and payroll production, as well as vehicle costing.

● INSTRUMENTS

Will record temperature deviation

DIGITAL INDICATION of temperature, compensated for the non-linearity of any thermocouple, together with a chart record of deviation about a pre-set point is provided by the Signatrol monitor offered by Ancom of Devonshire Street, Cheltenham, Glos. *(0242 53861).*

Likely applications will be in process plant control, metallurgical heat treatment and foundry ovens, refrigeration equipment calibration and servicing, heating and ventilating systems and wherever it is necessary to record or determine the temperature control profile over a period of time.

The pre-set point can be accurately set with a vernier scale and the chart gain has five values providing full scale from 10 deg. to 1,000 deg. C. Chart speeds can be varied between 0.8mm. and 12m. per hour so that the standard chart roll *(19m) can last from two hours* to three years. An alarm output can be provided as an optional extra.

● COMPONENTS

Heavy duty pneumatic cylinders

HIGH-PERFORMANCE pneumatic cylinders are being marketed by Austin Beech, PO Box 10, Leighton Buzzard, Beds., LU7 7LJ (05253 2581). Nine standard sizes are available, from 1½ inch bore to eight inch, with a choice of mounting systems: front or rear flange; side mounting; tie-rod or nose mounting; rear, central or front trunnion; and front or rear hinge.

The tube is of heavy-gauge steel, precision honed to a fine finish, says the company. For corrosive or especially ardous conditions, a hard chromium-plated finish may be specified.

The piston rod is over-sized and machined from a tough steel and all wearing surfaces are hard-chromed.

● COMMUNICATION

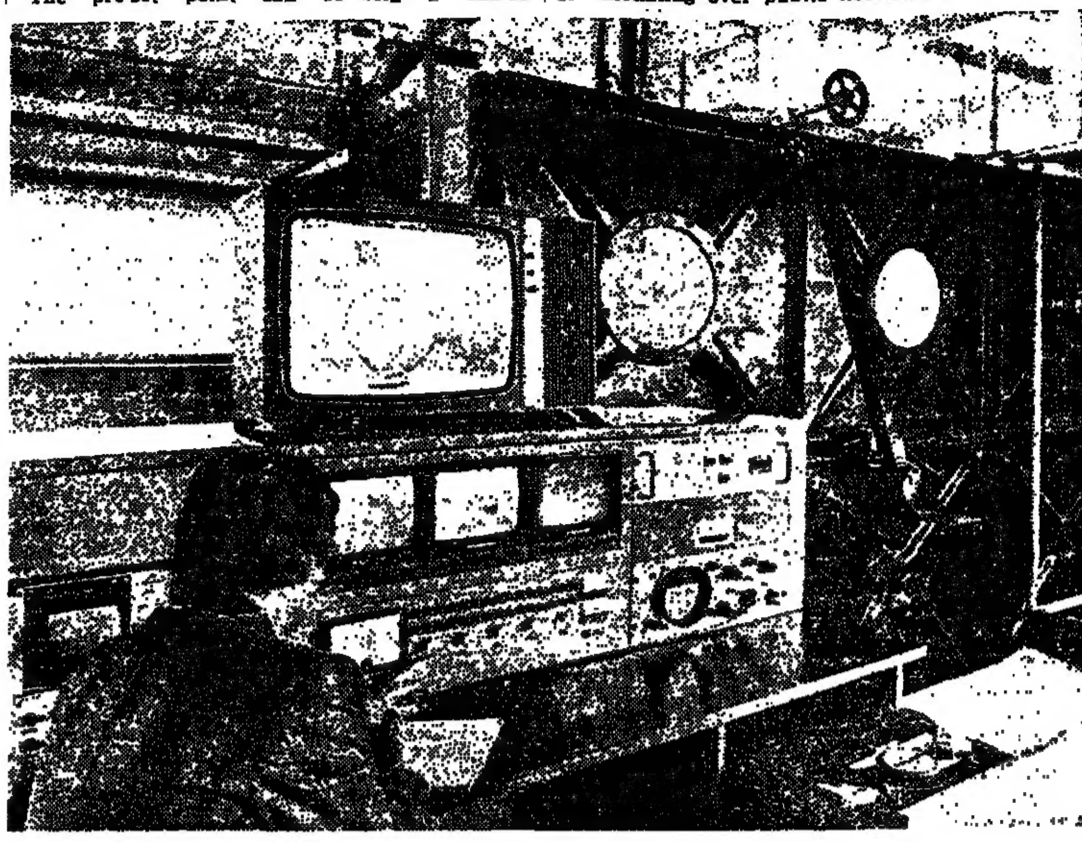
Coding for business

BUILT originally to provide fast encoding and decoding for police, military and Government use, Cypher-9 is now offered for general commercial use to provide secure messages over public networks.

There are 8,388,607 key combination settings and all letters and numbers are used with equal frequency making detailed *cryptographic analysis extremely* hard. Code change is simple and the unit is self-powered and portable.

Its bigger brother, Cypher-58, has 10 to the 15th combustions and is designed to operate on teleprinter or tape messages.

J. Donne Holdings for further details at 4, Golden Square, Regent Street, London, W.1 (01-437 6188).



Dunlop, Oil and Marine Division, has built this 5,000-gallon test tank at its Grimsby plant to study submarine hose system design under various environmental operating conditions. The hoses, often up to 24 in. internal diameter, are used at offshore installations. Two Hitachi Shibaden TV cameras are used to survey underwater movement of reduced scale hoses through portholes and close-up surveillance is carried [illegible] by a diver using a camera modified for underwater use. The closed-circuit cameras relay to three Hitachi Shibaden monitors. Cameras and console were installed by CMR Electronics (Lincs.), of Scunthorpe.

● ELECTRONICS

Miniature keyboards

LOW PROFILE keyboards in 12 and 16 key versions are offered by Endevco of Melbourne, Royston, Herts SG8 6AQ (Royston 61311).

Made by Digitrain in the U.S., the Series KL "Minikey" boards are less than 5/16th in height yet provide a 1/16th in keystroke. They are stated to have an excellent "feel," and the operating life is rated at 1m. operations per key.

Precious metal contacts are used so that operation in very low current circuits is reliable while at the same time the contact rating is 50 mA at 28V dc resistive.

Front or back-mounted versions are available in 12 and 16 key layouts, and a selection of key legends. The 12-key board is offered in a 3 x 4 in size while the 16-key version measures 4 x 4 inches. Both are available in standard black frame with white keys and black legends.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● FARMING

High angle tipping trailer

BY USING what is claimed to be a new approach to tipping trailer design, Archie Kidd, Devizes, Wiltshire, SN10 2HP (0380 2361), has developed an eight-ton heavy-duty farm trailer capable of reaching a tipping angle of 75 degrees using one single stroke ram.

Instead of the usual multi-stage twin rams positioned midway on the chassis, and pushing upwards on the centre section of the trailer, the Kidd design uses a lever system.

Where the body pivots at the end of the chassis the side members have been extended downwards to form a short lever. These are connected by a torsion member, in the centre of which is a crank arm engaged by the ram which pulls the body up instead of pushing. It is claimed this method gives a mechanical advantage of 98 per cent. at the commencement of lift compared with about 30 per cent. using the conventional method.

This means that the highest power is available when the load is greatest: the company says a *smaller ram can be used,* and there is less risk of torsion distortion on the body. In addition it is claimed there is no possibility of vertical jack-knifing, and that even sticky material (for example, silage) is deposited without jerking the trailer.

Another problem encountered with high tipping angle trailers is the return of the body to the chassis. This has been solved by *using a pneumatic return on the* ram piston, which lowers the trailer even if it has gone over top dead centre. The air line is translucent which means that if at any time an oil leakage develops in the ram it will show as a discoloration in the air line.

The trailer is mounted on 13.5/75 x 17 inch 12-ply tyres (believed to be the first application in the U.K.) for use on soft ground, with a 6 foot 8 inch track. *The hardwood deck is* 7 foot 8 inch x 13 foot 8 inch, and there are a variety of sides available up to 7 foot high, giving a capacity of 700 cubic feet.

The rear door is opened by hydraulic rams, opening before tipping commences. The parking jack is hydro-mechanical for single handed operation, and capable of lifting 3 tons. Overrun brakes are fitted.

A version for the building and contracting industry is being developed. This will be fitted *with a dump body.*

Harrow for small farms

A THREE-rotor rotary harrow with a working width of 1.5 metres has been introduced by Carnfield.

Known as the Rondotil, it is *the smallest machine in the* range which up to now has consisted of four and six rotor machines, with respective working widths of 2.3 metres and 3.6 metres.

Aimed at the smaller farm, the Rondotil is fully-mounted on a tractor three-point linkage and is driven from a gearbox to sprockets over each counter-rotating rotor, via a roller chain.

The harrow has rotating heads *which stir the soil without* "smearing" or forming a "pan," claims Carnfield which is located at Rough Close Works, P.O. Box 7, Alfreton, Derbyshire. (077 383 2271).

● RESEARCH

Simplified application of loads

SIMPLICITY of control is a feature of the M2550 range of *servo-hydraulic testing machines* from Dartec, Stourbridge Trading Estate, Mill Race Lane, Stourbridge, West Midlands (03843 77433).

With a multi-purpose facility for specimen testing (tension and compression), repetitive testing and load cell calibration, the machines have been designed with an easily comprehensible control system, making them suitable for student use in *university and polytechnic* laboratories, as well as industrial and research applications.

Capacity range is from 10 to 100 tons, with prices depending on capacity and the ancillary equipment. Metals, plastics and concrete are among the materials that can be tested.

Of single unit construction, calibrated to BS1610 Grade A, the machines have a single space straining frame, with two screwed columns carrying a motorised crosshead. A servo-hydraulic actuator and power unit are housed in the base (the 100 ton *machine is powered by a three-*phase 5 hp motor).

A control panel on the front of the frame base provides digital indication of load, and meter indication of displacement. There is control selection of load, stroke or external feedback with mode transfer facilities between parameters, and fittings include a ramp generator and a load limit switch on stroke control for ease of setting up specimens. *There is an adjustable load trip* for specimen and machine protection.

The machine can be programmed from an external source for repetitive testing.

U.K. ECONOMIC INDICATORS

General	Unit	1975 Oct.	1975 Sept.	1975 Aug.	1974 Oct.	1974 Sept.
Unfilled vac'n's¶	'000s	131.9	143.4	138.5	375.2	398.7
Unemployed ¶	'000s	1,165.4	1,249.1	1,250.3	612.6	647.0
Currency resrvs.	$bn.	5.710	5.859	6.004	7.547	7.170

	Unit	1975 Sept.	1975 Aug.	1975 July	1974 Sept.	1974 Aug.
Manfd. prods. d	1970=100	195.0	193.5	191.7	158.6	156.1
Bank advances b	£bn.	13.782	14.074	14.255	n.a.	n.a.
Terms of trade	1970=100	82.8	82.7	82.6	78.1	74.9
Retail prices ..	Jan. '74=100	140.5	139.3	138.5	111.0	109.8
Wage rates	July '72=100	184.5	184.1	183.2	146.3	145.5
Basic mater'ls d	1970=100	242.7	241.1	232.8	212.8	213.7

	Unit	1975 Aug.	1975 July	1975 June	1974 Aug.	1974 July
HP debt ¶	£m.	2,238	2,249	2,257	2,303	2,306
Retl. sales val.**	1971=100	175.8	174.4	172.1	150.4	146.5
Indust. output**	1970=100	99.1	100.0	99.5	109.4	110.9

Trade and Industry	Unit	1975 Sept.	1975 Aug.	1975 Jan.-Sept.	1974 Sept.	1974 Jan.-Sept.
Imports f.o.b.**	£bn.	1.775	1.864	1.758	1.816	1.694
Exports f.o.b.**	£bn.	1.564	1.486	1.518	1.446	1.263
Visible trade balance	£bn.	−0.211	−0.378	−0.239	−0.370	−0.431
Comm. vehicles*	'000s	32.3	31.2	32.8	37.0	32.0
Cars*	'000s	108	102	106	100	126
Man-made fibres*	m. kgs.	46.33	40.77	45.77	45.85	56.44
Steel (weekly averages)* ...	'000 tonnes	361.3	310.4	387.9	446.2	430.6
Houses completed¶	'000s	27.0	24.0	24.9	21.8	21.7
TV sets‡‡	'000s	237	144	206	225	250
Radios, radiograms‡†	'000s	372	392	380	358	443
Bricks*	millions	436	369	410	475	476
Cement (weekly average)*	'000 tonnes	327	307	327	339	349

	Unit	Aug.	July	Jan.-Aug.	Aug.	Jan.-Aug.
Furniture†** ...	1970=100	148	152	153	133	136
Hosiery*	1970=100	91	89	89.0	101	100.8
Petroleum†	m. tonnes	5.02	5.53	6.60	6.34	7.42

	Unit	1975 July	1975 June	1975 Jan.-July	1974 July	1974 Jan.-July
Raw cotton (weekly av.) ..	'000 metric tonnes	2.00	2.54	2.05	2.39	2.29
Elec. cookers† f	'000s	79.0	79.0	76.1	49.7	68.7
Washg. mchns.†	'000s	86.7	77.6	87.6	66.5	75.7
Engin. (orders on hand)** ...	1970=100	100	114	117.9	137	137
Machine tools† ...	£m.	22.0	21.3	21.0	22.6	16.79

	Unit	June	May	Jan.-June	June	Jan.-June
Raw wools§	m. kilos	10.2	9.3	9.4	11.7	10.3

	Unit	2nd qtr.	1st qtr.	Year to date	2nd qtr.	Year
Consumer spending	£bn. 1970 values	8.950	9.059	18.009	8.782	35.759
Motor trade turnover	1972=100	145	137	141	122	116
Bldg. and civil engineering* c	£bn.	2.903	2.631	5.534	2.358	4.949

* Production. † Deliveries. ‡ Net sales. § Consumption. ** Seasonally adjusted. †† All manufacturing industries. ‡† Excluding car radios. ‡‡ Deliveries, U.K. made and imported sets. b From May, 1975, onwards new basis of calculation refers to advances to U.K. public and private sector. Historical figures on new basis not available. d Prices. f Including cooker griller toasters. c Value of output United Kingdom not seasonally adjusted.

PARLIAMENT

Ministers take stand on Press freedom

By Richard Evans, Lobby Correspondent

THE GOVERNMENT yesterday tabled amendments to its Trade Union and Labour Relations Bill that delete all the changes on Press freedom provisions made by the Lords including the attempts by Lord Hailsham and Lord Goodman to put teeth behind the proposed Press charter.

The major changes to the Bill made by the Lords will be debated by the Commons to-day and Ministers are determined to restore the legislation to the condition it was in before it went to the Upper House.

This means that the threatened confrontation between the Government and the Lords over the issue of Press freedom will come to a head next Tuesday when peers will make a final decision on whether to restore their amendments despite opposition from the Commons or climb down and accept defeat.

All the signs remain that the Conservative peers, led by Lord Carrington, the Liberals, and a group of cross-benchers led by Lord Goodman are determined to ensure that the charter on *Press freedom and the tribunal* to supervise it should have some form of legal backing.

If the Hailsham or Goodman amendments, or a variation of them, are restored to the Bill next week, the legislation will not have time to reach the Statue Book before the session ends next Wednesday.

Voluntary

The most likely option open to Ministers remains the re-introduction of the Bill early next session. If it then continued to meet opposition from the Lords, the Parliament Act could be invoked and the delaying power of the Lords overcome in the early part of next year.

The Government amendments tabled yesterday by Mr. Michael Foot, Secretary for Employment, delete not only the Hailsham and Gooman amendments passed on Monday which gave legal backing to the charter, but also the Goodman proposals passed two weeks ago which set out the provisions that should be contained in the charter.

These included the right of editors not to join a trade union and to commission any article free from pressure by industrial action, and the right of a journalist to join the union of his choice.

The Government's view remains that the provisions for the tribunal should be voluntary and that involvement in the courts must be avoided at all costs. In addition, Ministers argue that the newspaper industry should in the first instance be given a free hand to decide the contents of the charter.

Unions will fight any rail cuts, Gilbert told

FINANCIAL TIMES REPORTER

BRITISH RAIL has been instructed by the Government to eliminate the deficit on its freight services, running at an annual rate of some £70m., by 1978, Dr. John Gilbert, Minister of Transport, told the Commons yesterday when he underlined the need for retrenchment.

He envisaged the publication of a White Paper or consultative document early in the New Year on the outcome of the fundamental review of transport policy now being conducted by the Government.

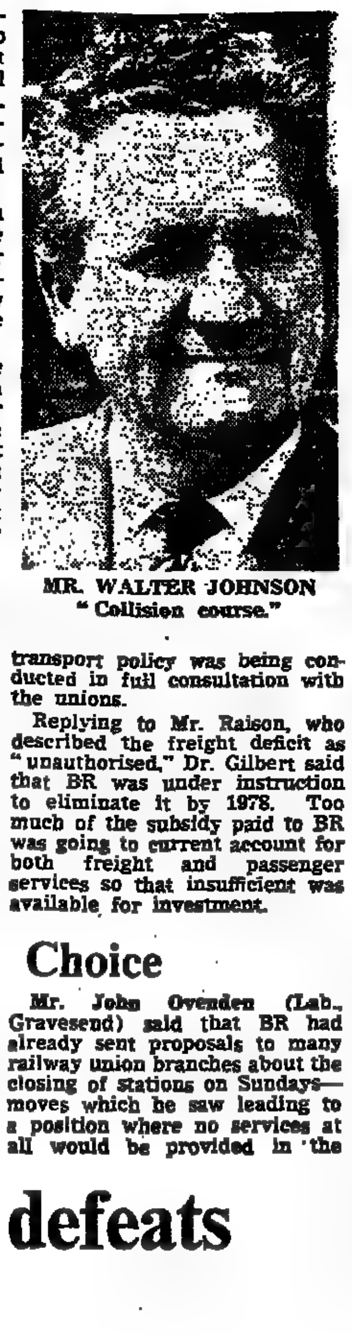
In the course of a hostile barrage of questions from both sides of the House, Mr. Walter Johnson (Lab., Derby S.), a member of TSSA, warned that the Government was on a collision course with the railway unions who were determined that there would not be "another Beeching."

From the Opposition front bench Mr. Timothy Raison contended that it was increasingly clear that the Government was moving towards the abandonment of the transport policies on which they had fought the last two general elections.

Mr. Johnson maintained that the Government's present policy was having a disastrous effect upon passenger and freight receipts in spite of the 48 per cent increase in charges in the last year.

After stating that the Government was on a collision course with the rail unions and the public, he declared "I warn the Government that it will face a fight from the unions and the public not only on the cutback but in any reduction in services."

Dr. Gilbert pointed out that the passenger deficit this year was running at some £330m. and the freight deficit at some £70m. The fundamental review of transport policy was being conducted in full consultation with the unions.



MR. WALTER JOHNSON
"Collision course."

Replying to Mr. Raison, who described the freight deficit as "unauthorised," Dr. Gilbert said that BR was under instruction to eliminate it by 1978. Too much of the subsidy paid to BR was going to current account for both freight and passenger services so that insufficient was available for investment.

Choice

Mr. John Ovenden (Lab., Gravesend) said that BR had already sent proposals to many railway union branches about the closing of stations on Sundays—moves which he saw leading to a position where no services at all would be provided in the rural areas outside of peak hours.

The Government, he urged, *should abandon the* financial targets set and imposed on BR while Britain still had a public transport system.

Dr. Gilbert answered that cuts in services were a matter for the British Rail Board. When Labour MPs protested, he commented: "My friends may not like it but it is a fact of the circumstances with which we are faced, and the choice which we have to make is between some retrenchment and some economies in the services that BR operates or continually increasing deficits."

Claiming that in the case of the Southern Region, the proposals put to the unions would save a "mere" £760,000, Mr. Roger Moate (C. Faversham) called on the Government to stop tinkering with the problem and give the BR Board a major shake-up coupled with a high level and full inquiry.

Dr. Gilbert retorted that there was no need for any inquiry into the operation of BR. "The facts of the situation are very well appreciated. It is up to the Board to manage the railway system within the constraints which the Government sets them."

Land Bill defeats mount up

BY JOHN HUNT

THE GOVERNMENT suffered two more defeats in the Lords yesterday on the Community Land Bill, the measure which empowers local authorities to take development land into public ownership.

The Government was defeated by a majority of 55 (119-65) when the House passed a Conservative amendment dealing with compulsory purchase.

The Bill enables the Secretary *of State to dispense with* a public inquiry into an individual compulsory purchase order where there has been prior consideration of the matter under a general development or structural plan for the area.

Protect

The successful Conservative amendment stipulates that the *Secretary of State can dispense* with an inquiry only when the development plan itself has been the subject of a public inquiry.

By a majority of 22 (93-71), the Conservative passed another amendment intended to give greater protection to ancient monuments, places of archaeological interest and natural beauty which, they claimed might be affected by the terms of the Bill.

The amendment requires the Environment Secretary to specify the categories of land which would have the protection of special Parliamentary procedure when a compulsory purchase order has been made.

This protection would not apply, however, where the local authority acquiring the land guaranteed special conditions about its conservation.

For the Government, Baroness Birk, Under-Secretary for the Environment, opposed the amendment and said it would cause grave difficulties.

"The Community Land Bill does not introduce any new policy in relation to ancient monuments, national parks or areas of outstanding natural beauty," she argued.

"Nothing in the community land scheme suggests that such areas are more likely to be at risk of compulsory purchase."

Lord Sandford, for the Conservatives, maintained that the Bill would increase enormously the number and extent of compulsory purchase orders for acquiring land by local authorities. Now was the time to consider widening the scope of terest, he said.
protection for sites of special in-

'L' driver for 20 years

DR. JOHN GILBERT, Transport Minister agreed in the Commons yesterday to look into the case of a driver who drove for 20 years without having a full driving licence.

Mr. Neville Trotter (C., Tynemouth), said that on Tyneside, a motorist convicted of a number of motoring offences had driven for 20 years continually on a provisional driving licence. This was making a farce of the regulations.

Dr. Gilbert said there was no limit on the number of consecutive provisional driving licences which could be held. He would look into the matter.

Bid for tougher anti-dumping law

A BID to stop the dumping of artificially cheap foreign goods on the British home market "to disrupt or destroy parts of British industry," was made by Mr. Richard Wainwright, Liberal industry and trade spokesman in the Commons yesterday.

Mr. Wainwright was given leave to introduce a Bill to amend the 1969 Customs Duties (Dumping and Subsidies) Act. It would, he claimed, "put some sharp statutory spurs behind the anti-dumping procedure."

Mr. Wainwright said that Britain was too tempting a target for those who damaged free trade by abusing it for destructive ends. Persistent dumping would eliminate competition and lead to a monopoly of British markets by foreign exporters.

Present dumping procedure was inadequate because it took too long and was too rarely enforced. But he emphasised: "We are not trying to introduce protectionism by the back door or any other way."

The Bill would give positive legal rights to any industry which could satisfy an official committee that there was worthwhile evidence of serious damage to the industry due to artificially underpriced imports.

The Department of Trade would have a statutory duty, if called upon by the committee, to conduct a speedy and full investigation of the alleged dumping.

MPs deny delaying tactics on devolution

MPs warned yesterday of the danger of Scotland stumbling into separatism through "conflict, acrimony and squabbling."

At a Commons Press conference, Mr. Norman Buchan (Renfrewshire) spoke of "confusion" after his unsuccessful challenge to Dr. Dickson Mabon as chairman of the Scottish Labour MPs at Westminster on Tuesday.

Mr. Buchan, with three of his colleagues all members of the left-wing Tribune group—denied suggestions that their proposal for a referendum on separatism was a delaying tactic or represented a lukewarm attitude towards devolution. Their view was that devolution must go ahead. There must be no hold up. "If the Scottish people desire independence, that is their right.

"What I would not want to see would be the establishment of a Scottish Assembly which would not be allowed to work because it would be wrecked in its initial stages by those wanting to bring about separatism.

"The accidental stumbling into separation through conflict, acrimony and squabbling would do no service to the people of Scotland or of Britain as a whole."

Mr. Buchan said a referendum would settle this issue.

Another group of Labour MPs challenged Mr. Nigel Lawson (C., Blaby), sponsor of a Commons motion insisting that any devolution of power from Westminster to Scotland must bring about either a reduction in voting rights of Scottish MPs at Westminster or mean fewer Scottish members.

Mr. Robin Cook, (Edinburgh Cent.) said: "There is no case for reducing Scotland's representation at Westminster so long as major decisions affecting Scotland are taken there.

"Nevertheless, I do not feel those MPs should retain a vote on English domestic affairs after responsibility for Scotland moves to Edinburgh."

Call for women UN delegates

THE GOVERNMENT was challenged by Baroness Elles (C.) in the Lords yesterday to say whether there were any women in the Labour Party who could be British representatives at the UN General Assembly.

Lord Goronwy-Roberts, Under Secretary, Foreign Affairs said that successive Governments had attempted to include women in delegations of this kind. Every effort was made to live up to international agreements on this subject.

Lady Elles asked: "Are you really saying that there is not a single woman in your party who could help represent us at United Nations?"

Lord Goronwy-Roberts said: "I am saying no more than was said by your party in 1973. We are sincerely concerned that there should be the utmost possibility for women to serve in these high level delegations. It has been found possible to do this but no woman has gone this year."

Washed out

A proposal for a £5m. anti-flood scheme for Northampton has been turned down by the Secretary of State for the Environment on the *grounds that the problem could* be solved by a "less ambitious scheme." The plan included 7,000 lakeside houses and a leisure sports centre.

MPs put civil servants back on BNOC Board

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

Government is backing down from full application of its State control plans for North Sea Oil developments was vigorously rejected by Mr. Anthony Wedgwood Benn, Energy Secretary, in the Commons last night.

There was no weakening whatever in the Government's determination to establish the intended British National Oil Corporation as an "immensely powerful State company," Mr. Benn declared.

Tory MPs staged what was expected to be the last Parliamentary challenge to the Petroleum and Submarine Pipelines *Bill which provides for the* BNOC. They did so by supporting major changes inserted in the Bill by the Lords to trim the proposed powers over the oil industry.

But the Government had tabled rejection of practically all the Lords amendments, and Mr. Benn accused the peers of trying to undermine the Government's intentions.

Links

MPs rejected a Lords bid to stop the appointment of two civil servants to the Board of the corporation. They reversed a Lords amendment by 261 votes to 243, Government majority 18.

Urging restoration of the provision which requires the two appointments, Mr. Benn said that he wanted civil servants on the Board so that there would be close and continuing links with the Government. This was very necessary in the case of oil because it was of vital economic and strategic importance.

There were many precedents of other countries which had national oil companies and included civil servants on the Boards. It was not sensible to have an organisation with such enormous resources outside the range of daily contact with the Government.

Mr. Hamish Gray, an Opposition energy spokesman, said that the BNOC would be an unnecessary, money-hungry monster. "Its functions could have been carried out by the creation of a United Kingdom Oil Conservation Authority," he claimed.

But as Parliament had decided to set up the BNOC, they had to try to make it work, and to do that they must appoint a powerful Board. A the moment all they had was a chairman, Lord Kearton, who was a Lone Ranger, a general without troops.

Mr. Gray asked whether the two civil servants appointed were likely to have the training or qualifications needed. "Are they going to have ideas on profit-making ventures for the corporation?"

He claimed that the civil *service appointees to the corporation* would sit "ears open, mouths closed—the pin-striped puppets of the Department carrying tales to the Minister." They would be the "Big Brothers of the Boardroom, the inevitable product of doctrinaire Socialism in practice."

Mr. Jo Grimond (L, Orkney and Shetland) said that the civil servants were obviously watchdogs. Their presence on the corporation would be damaging to the public service in a "hole-in-the-corner way."

Mr. Gordon Wilson (SNP Dundee E), described the appointment as an English Trojan horse in the BNOC set-up." He added: "From the point of view of a Scotsman, the last thing we want to do is to have spies reporting back to Westminster what is happening in the Scottish sphere."

Mr. Cyril Smith (L. Rochdale) begged Mr. Benn to think again. "The best way to get public accountability is to clip the wings of the Civil Service, not to allow them to spread any further than they have gone already."

Mr. Dennis Skinner (Lab. Bolsover) described the Government's attitude as an "affront to the Labour movement." Instead of the two civil servants, he *suggested Labour Party Secretary*, Mr. Ron Hayward—"custodian of the manifesto and Labour movement"—and somebody from the National Union of Mineworkers.

Mr. Willie Small (Lab. Garscadden) said that the Government's innovation was quite correct and should be supported.

Threat

Mr. Patrick Jenkin, "shadow" Energy Secretary, said that the Government would acquire a vast amount of information through its regulatory functions, and this information should not on any account be transferred to the BNOC.

The Government would also have a lot of information from operation of refinery controls, and Lord Kearton was reported to have displayed enthusiasm for BNOC becoming involved in down-stream activities — processes beyond the refining stage.

Mr. Jenkin said: "The question of the confidentiality of the industry's down-stream activities is directly threatened by the presence on the Board of two civil servants appointed by the Government."

Mr. Benn said that many MPs had urged in the past that the Coal Board and other nationalised industries should be more accountable to Parliament. Many people felt that accountability to Parliament was virtually non-existent.

He genuinely believed that by having two Civil Servants on the Board, accountability to the House of Commons would be increased.

Turning to Mr. Jenkin, he said: "To imply that the Civil Servants in this arrangement would in some way be in breach of confidentiality is grossly irresponsible."

Crosland rejects 'crash' housing programme

FINANCIAL TIMES REPORTER

BRITAIN'S construction industry is well on the way to achieving a "sustainable increase" in the housebuilding programme, Mr. Anthony Crosland, Secretary for the Environment, claimed in the Commons yesterday.

He flatly rejected a demand by Mr. Frank Allaun (Lab., Salford E.) for the commissioning of a "crash" building programme on lines advocated by the TUC.

Mr. Crosland argued that a massive crash programme would mean imposing an even greater element of "stop-go" on the housebuilding industry.

Given the current demographic trends, such a programme would also imply the demolition of existing houses on a massive scale—a process which he believed had already gone too far.

"What I want to see," he emphasised, "is a sustainable increase in the programme, and I think we are in sight of achieving that now."

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LABOUR NEWS

BSC Industrial relations 'broke down' at Llanwern

BY LORELIES OLSLAGER, LABOUR STAFF

INDUSTRIAL RELATIONS at the British Steel Corporation plant in Llanwern—scene of a bitter pay dispute over the commissioning of a new £27m. blast-furnace—appear almost to have broken down, an independent examiner said yesterday.

Sir Richard Way, Principal of King's College, London, and chairman of an independent court of inquiry set up to investigate the dispute, made this observation on the second and final day of public hearings after listening to bitter complaints from the National Union of Blastfurnacemen about the state of industrial relations in the BSC.

The corporation, in its evidence, said there had been a deterioration in industrial relations and claimed this was partly because nationalisation had prompted expectations that were too high.

However, Mr. Bill Booth, delegate for the NUB branch most immediately involved in the dispute, said: "Very often we are forced into a strike by the company."

Highest levels

Local management had virtually no freedom to try to sort out grievances with the unions. "The decisions are made at the highest level and if we can't agree we have to put up with it."

There was "very, very little" real consultation.

Taking up complaints by the corporation that the NUB had broken procedural agreements during the dispute over the new furnace, Mr. Booth said it was not agreements that produced the iron necessary for steel-making.

"It is a spirit of goodwill and co-operation and there is very little of this in the works."

Mr. Hector Smith, general secretary of the NUB, said his members were in a unique position. They could stop the whole of the BSC if they wanted to. "Our record shows that we never used our industrial power, we always tried to negotiate."

The union, however, had noticed what was happening elsewhere. "I feel strongly that there is only one thing to do. Bang the table and show we can make threats as well," said Mr. Smith.

Publicity machine

He accused the BSC of trying to set union against union, and of using its publicity machine "to denigrate our members."

The complaint about BSC's publicity was taken up by Mr. Booth, who said that an internal telephone information service run by the BSC at Llanwern in an effort to improve communications with the workforce was described as "dial a rumour." The corporation's newspaper, Steel News, was being used as a weapon against the unions.

Mr. Gordon Sambrook, BSC's managing director in charge of personnel and social policy, accused the unions at Llanwern of "constantly niggling" and "challenging everything that is happening."

He told the inquiry on Tuesday that, while the BSC wanted improved consultations, management must have the right to manage. Yesterday he said that by seeking consultations the corporation might have encouraged the unions to challenge every management decision, particularly in relation to the group's long-term development strategy.

There was "great disillusionment" about the development plan, which envisages concentration of steel production at five major works, including Llanwern, and the loss of some 40,000 jobs over the next ten years.

Economic position

Other factors that had contributed to the deterioration in industrial relations was that nationalisation had increased expectations, but BSC was not a "social institution" that could afford to price itself out of the market by accepting large wage claims.

Questioned by Sir Richard, Mr. Sambrook agreed that, in the corporation's view, the pay of blastfurnacemen on the new Llanwern furnace must be determined by the overall economic position of the BSC and not by assessing the vastly increased productivity of the new equipment.

The hearings had shown that unions and management were still "a long way apart" both on pay for operating the new furnace and on other issues as well, but nothing he had heard during the two days had suggested to him other ways for calculating the corporation's pay offer, which would give the best paid man on the new furnace maximum earnings of £100 a week.

Mr. Smith, in return, stressed that the union felt its claim for earnings of £115 a week was not only justified but "more than reasonable"—on several grounds—increased productivity, cost savings, more responsibility for the men on the new furnace, and greater dangers at work.

Stage set for union struggle in banks

By Lorelies Olslager, Labour Staff

THE SCENE has been set for a bitter inter-union struggle among bank staffs with an attempt by the Association of Scientific, Technical and Managerial Staff to increase its base in the English clearing banks.

ASTMS has made a tentative suggestion to Lloyds Bank staff association to arrange merger talks.

The National Union of Bank Employees, which wants to prevent Mr. Clive Jenkins' union from further expansion in the industry, has countered this with a formal proposal to the staff association for merger talks.

ASTMS so far is represented only in the Midland Bank, whose staff association it took over early last year.

Leaders of the 18,000-strong Lloyds staff association are discussing the approaches from both ASTMS and NUBE, as well as an earlier merger proposal from the Association of Professional, Executive, Clerical and Computer Staff.

The manoeuvring comes after the virtual breakdown of talks between NUBE and the staff associations of Lloyds, Barclays and the National Westminster Bank on the formation of a single union.

Although one more meeting has been arranged, NUBE thinks that there are no chances for agreement and has gone ahead with its plans designed to put pressure on the staff associations to accept a merger on NUBE's terms.

Under these plans it has begun to challenge the status of Lloyds staff association as an independent trade union because of alleged subsidies from the bank, and is threatening to take similar steps soon against Barclay's staff association.

It was upon learning of NUBE's moves that ASTMS seems to have decided that the time was ripe for an approach to the Lloyds staff association.

A senior ASTMS official suggested to Mr. John Bealey, the general secretary of the association, that exploratory talks could be arranged.

Apart from proposing merger talks to the Lloyds staff association in order to counter the ASTMS move, Mr. Leif Mills, NUBE's general secretary, is also planning a direct approach to ASTMS to sort out spheres of influence when NUBE has re-affiliated with the TUC.

Mr. Mills said that he would propose to ASTMS that it should not recruit further in the banking sector, while NUBE would desist from recruiting in insurance companies.

£6 rise for council workers

By Our Labour Staff

UNIONS representing 90,000 local authority builders and 15,000 council engineers yesterday accepted £6-a-week pay rises in line with Government policy.

The builders' demand that their rise should be backdated to June this year—five months ahead of the anniversary of their deal—was rejected by the employers.

Yesterday's agreement raised guaranteed earnings to £46 a week — the same guaranteed earnings level reached in June by some 1m. privately employed construction workers. But the council builders' £6 rise will not count towards overtime earnings—again in line with the pay policy.

Mr. George Henderson, Transport and General Workers Union building craft secretary, said that the unions' claim for backdating still stood.

The unions are calling in aid the Fair Wages Resolutions of 1946 to compensate their members for the period in which local authority building wages fell behind rates in the private sector. Rates have lagged since 1972, year of the national private building workers' strikes.

This is one of the first times the Resolution has been invoked during the present policy. A number of such appeals were made during Stage Three of the Conservatives' income policy, but with little success.

Junior doctors to ballot on tougher action

BY OUR LABOUR STAFF

THE MILITANCY of junior hospital doctors showed no signs of abating yesterday as ballot papers were sent out asking them if they were prepared to take sustained "official" industrial action in defiance of the Government's pay policy.

The wording of the ballot form underlines the deep anxiety of the doctors' negotiators, who clearly feel that they should not be the ones to try to break the pay policy by using their (ultimately) considerable industrial power.

The key question on the ballot form, which goes to 19,000 doctors for return by Monday, is: "Are you personally prepared to engage in industrial action and to sustain it until the Government is willing to provide additional money?"

Doctors are not asked what kind of industrial action they might want.

But the accompanying notes say that action to defeat the Government's line would be "hard and bitter," and, unless wholeheartedly supported, would be unlikely to secure material change in the contracts.

More doctors have voted to continue or increase their sanctions. Hospitals in Fife—the first in Scotland—will be hit by a 24-hour walk-out to-day, although emergencies will be dealt with if consultants cannot cope. Juniors in 25 London hospitals, including the four teaching hospitals, have decided to carry on dealing with emergencies only.

A second 24-hour strike has been called for to-day at the Birmingham and Midland Eye Hospital and at three Coventry hospitals.

In some areas doctors were urging their colleagues to support mass resignations from the NHS if their demands are not met.

Liverpool port seeks cut of 800 in labour force

BY OUR LABOUR REPORTER

LIVERPOOL PORT employers are to seek union agreement to a proposal for a cut of more than 800 in their registered dock labour force because of a steady decline in trade this year.

This is the first time that Liverpool has tried to make a major reduction in its labour force through the voluntary severance scheme. The largest cuts have so far been made in London where agreement on a cut of 1,100 jobs is being financed by a £5m. Government loan to the National Dock Labour Board.

The Liverpool proposals have yet to be discussed with the dockers' union who have the ultimate power to block the job reductions by witholding agreement at a meeting of the Liverpool Dock Labour Board next Tuesday.

It has been clear for most of this year that the current 7,450 labour force has been too large for the amount of trade going through Liverpool. Total tonnages are around 10 per cent. down on last year, and there have been between 500 and 2,400 surplus dockers over the past few months.

This surplus has placed an added financial burden on Liverpool's 12 employers and their plight, coupled with that of the London employers, is strengthening resistance in non-scheme ports to the Government's plans for extending the registered dock labour scheme.

BA maintenance pay row may ground TriStar jets

BY OUR LABOUR STAFF

BRITISH AIRWAYS' six TriStar jets will be grounded in about a week's time unless the airline and engineering unions can settle a long-standing row over "flexibility" pay.

The aircraft are due for mandatory overhaul starting next week, but 600 fleet maintenance men in the European division of BA are "blacking" the TriStars.

Talks between airline officials and the unions are continuing with some prospect of a formula being agreed in time.

Meanwhile, the airline yesterday sacked another 20 clerks from its cargo centre at Heathrow airport, bringing the total to over 80. About 140 clerks are involved in the dispute over new rotas, introduced as part of a scheme to integrate European and overseas cargo handling.

BA put an embargo on imported cargo work 12 days ago and the dispute is losing it revenue at the rate of £100,000 a day.

Hoover men going back

MACHINE SETTERS whose strike at Hoover's Lanarkshire factories has forced the day off of 2,500 workers voted to return to work yesterday.

The men have been on strike for 11 days in a bid to increase allowances paid to them for moving around the Hoover factories. Their strike has meant that the major Hoover plant at Cambuslang has been at a standstill for three days.

APPOINTMENTS

Lord Balniel joins Sun Alliance

Lord Balniel has been appointed a director of SUN ALLIANCE AND LONDON INSURANCE and of its principal subsidiaries.

*

HAWKER SIDDELEY has made the following group changes. Mr. E. Tyson joins the Board of Crompton Parkinson Marketing and becomes chairman. As a director of Crompton Parkinson Ltd. he continues responsible for the company's instrument, battery and stud welding. Mr. J. Birch has been appointed chairman of Crompton Lighting Ltd. He is also managing director of the company and continues to have responsibility for lamps and luminaires manufactured at Crompton Parkinson's Guiseley and Doncaster, Yorks. factories. Mr. Tyson and Mr. Birch both succeed Mr. J. C. Mansfield whose appointment as chairman of Brook Crompton Parkinson Motors was announced recently.

*

Sir Henry Fisher has been elected to the Board of EQUITY AND LAW LIFE ASSURANCE.

*

Following the appointment of Mr. J. G. Ingle as managing director of SEABOARD INTERNATIONAL (TIMBER AND PLYWOOD), Mr. Michael Paul has joined the Board with responsibility for the lumber department.

*

Mr. L. D. Brown, managing director of Doulton Engineering Group, has to-day been appointed a director of the parent company, DOULTON AND CO.

*

Mr. Douglas Dring has been appointed to the Board of the HAMLYN PUBLISHING GROUP and will assume responsibility for personnel, training and administration in addition to his present duties.

*

Mr. Gordon R. Curtis, general manager of the London offices and head of the U.K. division of BANKERS TRUST, has been appointed to the management group of the bank's international banking department in New York. He will continue as head of the U.K. division but will be succeeded as general manager in London by Mr. Raymond F. Miller. Mr. Peter Denbow will take over from Mr. Miller as head of U.K. lending. The three appointments will take effect at the end of the year.

*

Mr. Peter Joyce has joined MK ELECTRIC in the newly-created post of director of marketing. Mr. J. J. Fallon continues as director-sales, reporting to Mr. Joyce.

Mr. J. F. Newman has been appointed managing director of GENERAL AUTOMATION and has been succeeded as director of systems by Mr. R. G. Willson. Mr. N. Chismon has become director of sales.

*

M. Guy de Richemont has been appointed to the Board of COMPAIR. Based in Paris, M. de Richemont is president of W. R. Grace (France).

Machine tool advisory committee

Lord Brown of Machinhanish, Minister of State at the former Board of Trade from 1965 to 1970, has been appointed Advisory Committee chairman for the Government's £20m. machine tool industry scheme. He will preside over his first meeting on November 12.

The committee was set up to advise the Department of Industry on the scheme, which offers financial assistance to encourage modernisation and development in the machine tool industry.

Members of the Advisory Committee are: Mr. Harold Burton, National Economic Development Office; Mr. Tom Burton, a former vice-chairman of Cincinnati Milacron; Mr. G. R. Lloyd, National Organiser, AUEW, and member of machine tools EDC; Mr. J. W. H. Morgan, assistant managing director, GEC; Mr. J. G. Salkeld, Binder Hamlyn Singleton Fabian; and Mr. J. I. Westwood, production director, G. Clancey.

Hard hit by low cost imports, U.K. knitwear companies are now anxiously looking for signs that the GATT Multi-Fibre Arrangement is easing the pressure from the Far East. **Rhys David** examines the prospects for recovery in an industry suffering more than most

Overseas patterns in British knitwear

BRITAIN'S knitwear industry, tossed about in a stormy sea for most of this year, is now like a man who thinks he has been rescued but immediately has to begin worrying about the state of the lifeboat.

The threat in the case of knitwear has come from the greatly increased quantities of knitted goods imported from Taiwan, South Korea and Hong Kong, with rescue appearing in the form of the GATT Multi-Fibre Arrangement which will limit the future growth of certain low cost countries' sales in the EEC. The restrictions came into force this summer and autumn, but the industry is now waiting for signs that some of the benefits of a marginally more protected domestic market will begin to work through.

Variety

For imports have continued to rise this year—partly because of the likelihood of tougher controls—at a time when demand in the U.K. and in other markets has been falling off. This decline has followed several years of rapid sales growth by the knitwear manufacturers, who make a variety of garments from boys' pullovers to underwear, women's dresses and coat fabrics, and trousers and slacks. The knitted garment has been part of the fashion move towards more casual dressing in both men's and women's wear, helped by the way it has also tended to score in price terms over more traditional outerwear garments such as jackets.

The number of knitted garments bought in the U.K. increased from around 110m. in 1970 to more than 170m. in 1974, with 1975 probably showing a similar level of sales by volume. Over the same period the U.K. manufacturers, while increasing their output, have nevertheless seen their share of the total market decline sharply. In outerwear the U.K. share has fallen from 80 per cent. to 60 per cent. in the last five years, with the three Far East suppliers now holding well over 20 per cent. of the market. In underwear the U.K. share is also below 70 per cent.

With the public moving to the cheaper Far East garment—the quality of which is generally up to U.K. standards—retailers have reduced their rate of ordering from leading U.K. knitwear suppliers in the East Midlands, England's main knitwear production centre.

The result has been extensive short-time working, closures, and a steep decline in employment. The industry's labour force fell from 131,000 in 1970 to 124,000 at the beginning of this year, and a further 11,000 jobs have been lost since. Moreover, roughly 25 per cent. of the companies questioned in a recent survey expected further jobs to be lost, and a majority was intending to invest less in new machinery.

Complicated

With the implementation of MFA regulations limiting the growth in supplies into the U.K. from the Far East countries to less than 6 per cent. a year, the situation may now improve, though the effect is not likely to be felt this year because of the quantity of goods still arriving. Many U.K. knitwear producers are hoping that the increased difficulties now facing imported goods, including the paper work that will be required, will influence the big retail buyers and import houses to look for supplies at home. This has already started, according to a number of companies, although so far there have been more inquiries than orders.

Textile workers protest against the effects of cheap imports on their jobs. In knitwear alone, jobs have been vanishing at the rate of 1,000 a month this year, and employers expect the labour force to decline still further.

While, theoretically, opportunities should now exist for the U.K. industry, in practice the situation is likely to be somewhat more complicated. In terms of capacity, as Mr. Alan Kershaw, director of the Knitting Industries Federation, points out, the industry could easily supply much more of the home market simply by bringing under-utilised equipment back into production.

Although labour has drifted away from the industry, many of the workers are women who will not have found other jobs and who will be prepared to return. As a piece-work industry, knitwear is also able to raise its output significantly at times of good demand.

One attraction of purchasing in the Far East, however, is that orders of perhaps 10,000 dozen of a particular line can be placed; in the U.K. it might be necessary to deal with a number of companies to obtain the same quantity. But most important of all is the question of cost.

Mr. Roy Burgess, assistant managing director of British Home Stores, which sells both British and imported knitwear in its shops, points out that, price for price, classic British knitwear is broadly comparable with the Far East product. But Mr. Burgess emphasises that this represents only a part of total knitwear sales. "If we had adopted at BHS a policy of selling only classic knitwear we would be doing only half the turnover we are now doing in knitwear. In the last five years the public has wanted fashion in its knitwear, and we are not as good as we might be in this country in producing fashion knitwear. There are some types of garment which it has proved impossible to obtain in Britain," he claims.

This is not entirely the result of lack of flexibility or poor styling on the part of U.K. manufacturers. A major factor is that fashion knitwear—for example, men's knitted shirts with yoke collars and fancy cuffs or women's knitted sweaters with hand embroidered motifs—are dearer to produce than simpler garments because of the manual work required. Thus it becomes very difficult for U.K. producers to compete with Far Eastern countries where wage rates are likely to be less than £2 a day.

In addition there are now substantial cost pressures building up in the U.K., including a claim by the National Union of Hosiery and Knitwear Workers for a wage increase equivalent to the full £6 allowed under the Government's counter-inflation policy. The industry already suffers from being a low payer, with the average wage for women—the overwhelming bulk of the labour force—estimated at around £30-£35 per week. This year saw workers in several knitwear factories reject a nationally negotiated wage increase on the grounds that it would cost them their jobs. In the further weakened state of the industry it seems possible some employers will again say that they cannot meet a higher wage bill.

There is also the prospect of a substantial rise in raw material costs. The bulk of the fibre used by the knitwear industry is man-made, and warnings are already being given by the fibre producers that several increases will be needed to bring them back to profitability.

Loss

For the fibre makers have also been hit by the world depression in textile demand, which has eroded price levels and sent most companies in Europe into loss this year. Mr. Adrianus de Zeeuw, deputy chairman and chief executive of British Enkalon in Leicester, points out that fibre prices are generally below the levels of 18 months ago and will have to rise substantially to cover the cost increases of the past year. The manufacturers have been trying to edge up some of their prices in recent months but the process clearly still has a long way to go. The knitwear producers also have to absorb increases in the cost of dyestuffs and other finishing processes and in transport and energy.

There is also the need to maintain a high level of investment to ensure continued competitiveness. In knitwear this means being able to buy the faster machines that were being displayed, for example, at the recent textile machinery quadrennial exhibition in Milan.

Assistance

Thus, it is hardly surprising that the knitwear producers are continuing to press the Government for some further assistance beyond the Multi-Fibre Arrangement. Mr. Dick Morris, Courtaulds' director with special responsibilities for the group's £85m. a year knitwear business, claims that a policy which takes into account the special circumstances of recession is needed. "What we need is sensible support which recognises the industry's need for a sound home base. Without this there will be more closures," he forecasts.

But for the Government, which is under pressure from all sides of the textile industry for further action, the demand creates a dilemma. The consumer has undoubtedly benefited so far from imports which have kept the price of knitwear and other textile goods down. The cost is being measured, however, in lost jobs and damage not only to the knitwear industry but to its suppliers, in particular the fibre manufacturers.

There is also the irony that, as far as the U.K. knitwear producers are concerned, some pointers have emerged from the present difficulties which suggest that the industry could be in a strong position in Europe in the medium term if the immediate problems do not prove too crippling.

The crisis has encouraged the industry to trim back its operations and increase its efficiency. Though several hundred companies are involved more than half total production is in the hands of a small group which includes Courtaulds, Coats Paton, N. Corah and Nottingham Manufacturing. Several major rationalisation schemes have been announced by the big groups which will lead to production being concentrated in fewer units, releasing older buildings and equipment.

Some sectors of the industry have also been obliged by the difficulties at home to seek out export markets. Courtaulds has built up exports by its Meridian Knitwear subsidiary at Nottingham to 11 per cent. of turnover this year and is managing to keep factories which would otherwise have closed occupied with exports.

In West Germany, in particular, Courtaulds has developed sales of one of its main strengths — men's underwear. This is a segment which Courtaulds, through Jockey (manufactured under licence) and Wolsey, dominates together with Marks and Spencer, and in which importers have made little headway because of the efficiency of the U.K. producers.

Largest

The U.K. knitwear industry is also now the largest in Europe, and so should be in a position to enlarge the bridgehead it has built on the Continent when demand picks up. The invasion of the German market by Far East producers has led to German companies themselves transferring production to other countries. Italy, though important in certain types of knitwear where it remains the fashion leader, does not have the same spread of products as the U.K.

If the British industry is to survive without substantial further depredation to take advantage of this position it will clearly have to have a lot of luck over the next few months. Many manufacturers are now clearly hanging on in the hope that a pick-up will occur in world textile markets, bringing relief in the U.K. from imports pressure as goods are diverted elsewhere, and the opportunity to expand sales at home and abroad. Unless there are signs of a better spring season next year, however, the industry's labour force seems set to move down even closer to the 100,000 mark.

CINEMAS ARE CONTINUED ON PAGE 13

The Marketing Scene

Geers in U.S. link

GEERS Gross, the publicly quoted advertising agency, is now owned 10 per cent. by Cunningham and Walsh, of the U.S. Cunningham and Walsh is the twentieth largest agency in the world, but until now has had no affiliation outside of the U.S. Its accounts include American Motors, Procter and Gamble, American Brands, Schlitz Beer and Quantas.

Its president Anthony C. Chevins joins the board of Geers Gross. Bob Gross, the chairman, is quick to point out that this move formalises a working relationship between the agencies and that the shares came from outsiders and not a director or employee of Geers Gross.

In another, and much anticipated, agency rationalisation the two London agencies in the Osborne Group, Osborne Advertising and Lonsdale Crowther Osborne, have joined together into one agency with billings approaching £10m.

The privately owned Osborne Group, which has four European offices and a total billings of £22m., now has two U.K. companies—Lonsdale Osborne, the new name, and Osborne Marketing Communications, a below-the-line operation. There are no account clashes in the agencies which have shared the same office block for the past three years.

● DUCKHAMS has switched its motor oil advertising account, which has grown to a £700,000 expenditure in recent years to Byfield Whelan Osborne and Cruttenden. It had been with Leo Burnett which declined to repitch for the business.

● TELEVISION'S first "money with order" advertising campaign breaks on Thames TV on Monday. Laytons Wine Merchants is offering a delivered case of Nuits St. George for £18, with a money back guarantee. The commercial was jointly made by Thames and the Television Department.

● FOR the first time the Health Education Council is to use the cinema to get across its family planning message. A £100,000 campaign starts on Monday and much of the money is going into a commercial that will be shown in 1,400 cinemas, the very great majority. It is aimed at the 18-35 age group which comprises 85 per cent. of filmgoers.

● McBRIDE Partnership is now working for Ciro, the pearls and jewellery retailer and part of the Howard and Wyndham Group; Geographia of Hutchison Publishing; Hazell Watson and Viney, the printers, which specialises in books for companies such as the Guinness Book of Records; and Hogg Robinson, the insurance brokers.

● RAWLINGS Mixers, marketed by R. White, is spending the national equivalent of £420,600 on London and Southern TV in the next six weeks, and expects to advertise more heavily than Schweppes or Canada Dry during the pre-Christmas period. Agency ABM.

● THIS week Lintas starts a £350,000 advertising campaign for the Training Services Agency, a division of the Manpower Commission. Its aim is to encourage employees to accept re-training and employers to invest in it. There will also be local campaigns by TSA offices publicising training courses in the area.

● A PROMOTIONAL package aimed at dispelling old-fashioned attitudes about Cleveland comes in the form of a folk song record from Cleveland County which will be distributed to selected companies and sent in response to inquiries from industry. The songs are the winners of the "Songs for Jobs" competition sponsored by Cleveland County Council on the local radio earlier this year.

RETAILERS' OWN BRANDS

A narrowing price gap

BY ANTONY THORNCROFT, MARKETING EDITOR

THIS SHOULD have proved a very good year for retailers "own brands," those lines bearing the shop's name and livery and selling at a discount compared with the manufacturer's advertised products. With the rise in retail prices becoming a national obsession, the "cheaper" brands could confidently have expected extra sales.

The actual outcome is more complex. It is impossible to generalise about "own brands." Some retailers, like Sainsbury, which gets half its sales from its own lines, are re-thinking the situation and if anything cutting back slightly. Others, such as International Stores, with under 10 per cent. "own brand" penetration, are currently assessing the new opportunities.

Daisy Hyams of Tesco: interested in £6m. plus markets.

The same mixed attitude applies to the manufacturers. Major companies, like Birds Eye, which for years refused to undertake production for retailers, is now prepared to discuss terms; others, influenced by the strange turn of events in early 1974 when they could scarcely meet demand for their advertised lines, are more prepared to carry temporary falls in sales rather than keep the production lines moving with orders from retailers at minimal profits (often 5 per cent. less than normal).

But the major factor working against higher own brand sales is not the de-stocking by retailers or the harder-nosed attitude of manufacturers, but the narrowing of the price advantage. Two years ago own brands were on average 12-15 per cent. cheaper than the comparable advertised lines: now the gap is 8-10 per cent. Manufacturers, under Government pressure, are keeping their branded prices as low as possible while charging more for producing retailers brands.

Daisy Hyams of Tesco points out that if it cannot maintain the price differential (and Tesco is sometimes prepared to drop its profit to ensure this) the multiple group will temporarily drop their own label lines. In the same way if the usual source, in Tesco's case usually a brand leader, is unable to deliver, the line may also disappear. So this year Tesco may get less than 25 per cent. of its sales from own label, while still pushing ahead in certain markets, such as chocolate.

Keith Padden of Fine Fare does not expect own brands to rise above the current 23 per cent. of its turnover. All the obvious lines, in 67 product groups, are covered, and it does not make marketing sense to get involved with small-volume markets (Tesco sets a £6m. sales target before it considers an own brand). Padden points out that with the lower price advantage the switch by consumers to the retailer's brand is slowing down, especially in those markets where there is a distinct "economy" feel about the own brand.

AGB can confirm this. It monitors own brand penetration in sixty product fields. In 1972 retailers' brands accounted for 13.1 per cent. of the sales; this rose to 14 per cent. a year later; then 15.1 per cent., but by mid-1975 the gain had been marginal, to 15.3 per cent. Much of this small expansion came from growing own-label sales by the symbol group retailers such as Spar, Mace and VG: the bigger multiples were static.

So own label has reached a plateau, which makes it a good time for the Economist Intelligence Unit to publish a 90-page marketing study on the state of own brands in the U.K. There are few amazing revelations in the report, but it is a very useful gathering together of data on a very diverse subject. The EIU credits own brands with 18 per cent. of grocery turnover, and reckons that this year they have recovered the ground lost in 1974 when manufacturers lacked the capacity to produce for retailers.

The EIU draws attention to the fact that, while in the U.S. retailers have promoted their own brands in competition with manufacturers brands, in the U.K. they are seen as a cheaper alternative. The main exceptions are the companies that have taken the idea to the ultimate—Marks and Spencer, which is 100 per cent. own brand, and Sainsbury, which is 50 per cent. Most other retailers go for a mix, with Waitrose over 30 per cent. own brand, and Fine Fare, Tesco, Co-op, Boots and Safeway around 25 per cent.

There are great variations between product groups, with such markets as baked beans, biscuits, cooking oils, fruit squashes, instant coffee, jam, paper products, salt and washing up liquids succumbing to own branding, while baby foods, breakfast cereals, cigarettes, dietary breads, razor blades, and meat extracts are holding aloof.

The EIU confirms that most manufacturers will now handle own brand, but are unwilling to get too dependent upon it, apart from instances like Heinz where the own brand production is handled by a subsidiary operation. In many cases it was the second and third brands in a market which agreed to manufacture for the retailers because they had the spare capacity. Now, however, new criteria may be at work, and these companies (and the retailers) are assessing an alternative strategy with cheaper manufacturer's brands taking on the brand leader at a lower price but not appearing as retailers' brands.

This is one of the ideas being examined by the multiples as their margins on own label, which had often been 22-30 per cent. gross as against the 17-25 per cent. of advertised lines, get whittled away. But the EIU, although acknowledging that own brands in the U.K. as in the U.S., will find a level, reckons there is a little more expansion to come, perhaps to 20 per cent. of grocery sales.

Keith Padden of Fine Fare: reviewing own brands.

Perhaps the oddest thing about this sector of the market is that it still appeals to the more prosperous shopper rather than to the C2 and DE's. This may partly be accounted for by the fact that the poorer housewife in the north is served by the cut-price Asda and Kwiksave, which largely eschew own brand, but the fact remains that ABC 1 shoppers are the keenest buyers (perhaps because they are risk takers and more sceptical of the claims of the heavily advertised manufacturer brands). The EIU predicts a shift down the class scale, but this would mark a historical landmark.

Own brands are now an established marketing phenomenon, still offering a price advantage with the money saved by the manufacturer on advertising sales force, transport, distribution and the financing of stock. There is a regional bias towards the south and midlands, but three quarters of housewives now buy them. In the past the greatest difficulty with own branding has come from the grocery trade regarding it as a uniform area. Now retailers and manufacturers are learning to assess each market separately for its own brand potential—or lack of it—and a much more flexible attitude towards own branding is likely.

A Study of Own Branding in the U.K.: EIU. Price £235. Tel: 01-493 6711.

Adaptability is the key to success for shopkeepers in Ulster. PAMELA READHEAD reports on the troubled retail scene.

A touch of the Windmill spirit

BELFAST is not the most glamorous place to shop. Travelling into the centre by road or rail you pass rows of bricked up, dismal, vandalised two-storey buildings that used to be grocers, launderettes and newsagents. Between 300-600 have closed since the troubles started, about a third of the small shops in the city.

In the centre things are more cheerful. Boots and Marks and Spencer look reassuringly normal. Robinson and Cleaver and Bank Buildings are as glossy as any other members of the Sears Holdings and House of Frazer groups that they belong to.

It is disconcerting, though, to be frisked every time you go through a swing door, to find there is nowhere to park the car, and no chance of an open public lavatory.

Off the main streets in the city centre there are four pedestrian only areas. To get into them a shopper has to go through a turnstile and open her handbag and parcels. Inside, many of the shops are protected by steel grills; others are boarded up or empty.

Day trip

Everything is against the shopper—and the retailer. Public transport is bad and parking closely restricted. A day trip to town for the country farmer's wife, or the bargain hunter from Dublin, is no longer the treat it used to be. In spite of all this, trade in the city centre is picking up. Compared to 1971-72 when the bombing campaign in the city centre was at its height, and last year when the general strike hit hard, business is almost booming.

Although shopkeepers are notoriously reticent about bad times, the troubles have inevitably hit the retail trade. Several large stores have closed down in the past five years. At least one has moved out of the city centre to a smaller town. There has been a distinct trend towards out-of-town shopping centres.

But while the large stores and multiples complain about stock control and staffing problems, the small shopkeeper's main problem has been to survive. Admittedly there are an enormous number of small, independent shops in Belfast: probably about 1,000 according to the National Union of Small Shopkeepers. Many would go out of business in the normal course of events, when leases expired, for instance.

However, the added problems of security have made things much worse. To insure a shop against burglary for the smallest amount—say £1,000 of stock—costs around £50 a year. But insurance companies will not take the risk unless the shop is properly protected, with special locks, grilles on the window and so on. This costs about £100 extra. In the event of a claim, which is invariably disputed, the insurance company will not pay up if there is any suspicion of "civil commotion." The Government, on the other hand, will not pay compensation for damages caused by bombs or riots, without a certificate issued by the police.

The retailer is often forced to borrow money to replace stock, his window, shop-fittings, the lot. According to one supermarket chain which is just making its 46th claim, the average delay before compensation can be expected in cash, is two years.

Shopping in Belfast.

Big or small, Belfast shopkeepers pride themselves on a Windmill Theatre "we never closed" image. It's business as usual the day after an explosion, perhaps with a special "bomb sale" to draw the crowds. Peter Lunn, a local jeweller and president of the Chamber of Trade, tells of a young couple clambering through debris to buy an engagement ring by the light of a paraffin lamp. Others solve the chronic parking problem, he says, by taking turns to drive round the block. The girl chooses, then drives off while the boy pays.

In general retail terms, Belfast is both behind and ahead of the times. There are still large numbers of tiny shops converted from the front room of terraced houses, selling at all hours to a loyal local community.

On the outskirts of the city, however, there are American style shopping centres, based on a large supermarket or chain store. Stewarts supermarkets, part of the Associated British Foods group, with 22 outlets ranging from 1,800 to 30,000 square feet usually combines with Penneys, a chainstore member of the same group, in shopping centre developments. Together they will be taking 45,000 square feet in the new 180,000 square foot centre near Newtownards to be opened next year.

The shopping centres suit Belfast shoppers because excellent roads and car parking make access easy. There are more weekly or fortnightly shoppers in Belfast, therefore, than elsewhere in the U.K.

However, the centres are by no means fully let. Rents tend to be much higher than the £400 a year average for small shopkeepers in the City itself. "There's a new precinct in Coleraine where only one lot has been let, and that's a bank," says the president of the small shopkeepers' union.

Shopping centres apart, Belfast tends to resemble the rest of the U.K. in the late 'sixties, says Jeremy Grindle, managing director of Stewarts, the largest supermarket chain. "The low cost of property has kept the independent retailers in business, though voluntary groups like Spar are very strong here."

One of the reasons that British supermarket chains have not spread in bulk to Northern Ireland is that local legislation prohibits the import of fresh meat goods. There is also the problem of off-licence departments, for since 1922 the Irish-style grocer, selling beer and spirits, has been illegal. Now a supermarket wishing to sell alcohol has to acquire adjacent premises and an existing liquor licence. These cost about £8,000.

The combination of low rents and high car ownership in the North means that cash-and-carry outlets and discount stores are well established. Another popular form of trade is the factory shop. These started as straightforward outlets for seconds literally on factory premises. Now a factory shop can be any kind of warehouse or farm building selling anything from clothes to electrical goods at "factory prices." Where this stock comes from is not always certain. "There are a lot of informal trading arrangements in Northern Ireland," says Grindle.

Informal trading could, for instance, describe the estimated 90 speakeasies which have sprung up to supplement the traditional pubs in Belfast. These are private clubs run by paramilitary groups which sometimes rely on high-jacked delivery lorries from the breweries for topping up supplies.

Anybody who does business after dark has been hit by the troubles. Pubs, restaurants, late night shops, take-aways and supper saloons (fish and chip shops) have been most frequently forced out of business.

Stay-at-home

The stay-at-home habits of the prudent have also had a marked effect on spending patterns. Sales are particularly good for colour televisions, stereo equipment, clothes, furniture and cosmetics, say the department stores. "There is a lot of money around," says Angus Gordon, managing director of Robinson and Cleaver. Turnover of his department store has risen by over 40 per cent. in recent months, compared to last year. This is mainly due to the opening of a Miss Selfridge department.

Gordon claims that the general recession has yet to reach Belfast retail trade. "The average increase in turnover in general and department stores between January and August was 30 per cent., in spite of a deteriorating economy and rising unemployment."

The monthly retail index published by the department of Commerce does, however, suggest that most sectors are now experiencing a slight fall off in sales. With inflation at 26 per cent. the August figures show a shortfall of 6 per cent. on volume of sales.

The trouble with statistics in Belfast is that they are even more unreliable than elsewhere. This is perhaps the main effect of the Troubles on the retail trade.

"I'm not a believer in market research anyhow," says Jeremy Grindle, "but here you can't predict anything from last year's figures because there was always something special about them."

Non-food for profit

THE AVERAGE cash and carry depot has had mixed experiences with stocking non-food lines. In theory they carry a much higher profit margin than the staple grocery brands, but in practice the lack of experience among the cash and carry management in such areas as textiles and electrical goods creates problems.

Only the large, scientifically managed, cash and carry chains bother to work out the profit per square foot from non-food merchandise, after assessing the traffic flow in the depots and discovering whether the small grocery retailer buys the occasional non-food line for personal use or for resale. Often the goods are sold just to fill space.

This lack of awareness has encouraged John Barr Textiles to extend out from its basic service of supplying household textiles to about 300 cash and carries to undertaking the whole non-food business for a depot. Basically the company will service an agreed area of the warehouse and pay the operator a guaranteed profit in return.

To date four depots, three of them in Scotland, have come to a deal with John Barr. There is a natural reluctance to surrender control of part of its space to an outsider but declining profit in traditional grocery lines is forcing the cash and carries to come to terms with non-foods. Harry Jacobs, who runs John Barr reckons that non-foods should produce a sales per square foot of £2.83p a week as against the average £1.84p for groceries, and he claims to guarantee the cash and carries taking his service a £2.50 per sq ft a year return on their investment.

A.T.

A tiptoe testing

FOLLOWING ON from last week's story about Fine Fare allowing companies to try out new products in some of its branches comes news of a different approach, this time from a manufacturer, Ferrero. This Italian owned confectionery company has built up sales approaching £10m. in the U.K., even though it does not produce here, neither does it bother with its own sales force—it uses Food Brokers.

But it does pursue its own marketing policy and to test out new brands, which are invariably successful products in continental markets, it picks out around 50 small confectionary shops close to, or actually on, housing estates. Instead of advertising, money off-coupons in the district ensures trial and the repeat purchase pattern can be quickly observed.

The advantages are that Ferrero's big competitors, Cadbury and Rowntree, do not get early wind of the new product, and the test is comparatively cheap to organise. The latest success from this method has been orange flavoured Tic Tac, which has now overtaken mint in popularity with sales of around £5m. a year. A new product now on test is particularly interesting—it is a cake, and offers many small CTN's their first diversification into this vast market.

A £200,000 handout

ON MONDAY Lever Bros. is launching one of the largest ever packaged goods promotions for Persil. Apart from 2½p off Persil and Persil Automatic, there is an on-pack price reduction for offer for ten leading grocery brands, such as Walls Sausages, Homepride Flour, Smiths Crisps, Summer County margarine, Macleans Toothpaste etc.—in all brands with sales of £200m.

Shoppers sending proof of purchase of any of these products with their Persil coupon get a 30p cash refund. All told the shopper can save £3. Persil and Marden Kane, who devised and tested the promotion on a Forecast mini test van exercise, expect to pay out £200,000 in cash refunds.

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THURSDAY, NOVEMBER 6, 1975

Introducing a preface

THE GOVERNMENT paper presented to yesterday's special meeting of the National Economic Development Council is extraordinarily tentative. The lessons of Labour's last National Plan, and of the more recent experiments by Mr. Wedgwood Benn in micro-economic intervention, have been so thoroughly learnt that the present document is little more than a series of more or less vague suggestions about the way in which a flexible industrial strategy could gradually be developed inside the existing framework of the NEDC and of the Little Neddies for particular industries.

The list of relative weaknesses from which, it is suggested, U.K. industry may suffer is long and wide enough almost to rule out the possibility of serious disagreement. The idea of picking out the most promising sectors of the economy to back seems to have been quietly dropped in the face of the recent NEDC contention that it is more important to bring the level of efficiency within particular industries up closer towards that of the most efficient firms within them.

Tripartite

Given the way in which the Government has recently given the views of the TUC priority over those of the CBI and the advantages to be gained from getting a genuine tripartite discussion going again through the machinery of the NEDC (almost the only piece of such machinery which successive governments have left untouched), there is much to be said for this soft approach. It is also a positive gain if the responsible Ministers now recognise that there is no advantage but rather great harm in taking large powers to intervene in the affairs of industry without having any very clear idea of what precisely is wrong and what action is needed. Perhaps the most important immediate benefit of this tentative, no-confrontation approach to industrial problems, however, is to win the support of TUC leaders, who have so far had a disproportionate influence over Government policy-making, for policies which are likely to be as unpopular with many trade unionists as they are essential for industrial progress.

These policies do not comprise only those—such as a more constructive approach to the problems created by overmanning and the need for greater training and mobility—which concern the unions directly. They include the admitted need to improve the level of industrial profitability and to concentrate Government assistance on firms which will thereby be assured of long-term commercial viability.

Realignment

The first point, though fundamental to the future prosperity of industry, may rouse political feelings inside the Labour Party. And while the CBI may well use the recommendations of the Sandilands Committee as a reason for demanding rapid action on the questions of price control and company taxation, it is likely to raise the Chrysler issue as a current test of the Government's political will, at a time of high unemployment, to help only those lame ducks that have a good chance of regaining use of their legs.

But there is a third point, which the Government must push through if its ideas about industrial recovery are to have a chance of success, which is likely to encounter still greater opposition inside the Labour Party and the trade union movement. This is simply that the growth both of private consumption and of publicly provided services will have to be held back for a time while more resources are diverted into strengthening the country's industrial base and its balance of foreign payments. Such a diversion would be necessary under any Government. Given the public commitment of the present Government to maintenance of the mixed economy and a flourishing private sector, it is to be hoped that the private sector is given a fair chance to see what it can do unaided before the Government begins to intervene. If the TUC can be persuaded to co-operate in such an "experiment," the very amorphousness of yesterday's paper may turn out to have had its use.

President Sadat in London

AT THE very least President Sadat's state visit to London symbolises the fact that the wounds caused both to his country and Britain by the nationalisation of the Suez Canal in 1956 and the subsequent Anglo-French invasion have been healed. In reality, U.K. relations with the largest and politically most important Arab country have improved steadily since the Middle East war of 1967. Equally important, the President's presence in London now emphasises the dramatic change in Egyptian strategy that his expulsion of Soviet advisers in the summer of 1972, his open rift with the Kremlin and turning to the West involved.

Gratitude to U.S.

From this point of view President Sadat's short stay in Britain may seem of pale significance compared with his long stay in the U.S. That could be seen as having set the seal, for the time being at any rate, on the new alignment and as marking his gratitude for the Administration's efforts. Having burnt his boats as far as the Russians are concerned, the Egyptian leader is now heavily dependent on Washington to deliver a full settlement satisfactory not only to Egypt, but also to Syria, Jordan and the Palestinians.

That is where the importance of Britain and West Europe lie for President Sadat's Government, which sees them as an alternative political force to the super-powers and also a possible source of weapons needed for re-equipping the Egyptian Armed Forces. He cannot look for positive and quick dividends on either front, but in the long term it is part of a coherent pan-Arab, rather than strictly Egyptian, policy to develop close, binding links with Western Europe. President Sadat's visit to London should *be viewed in this general* context.

Not the least of the British Government's preoccupations will be to obtain a clearer idea of what Egypt and the Arabs want from it. But President Sadat's concern that the future of the Middle East should not be resolved only in the context of détente and U.S.-Soviet relations has been highlighted by his reassertion that Egypt would like to see Britain (together, presumably, with France) take part in a reconvened Geneva Conference.

Armaments

Given the strength of Israeli reservations on that score, their participation seems a remote possibility even if the conference could be reconvened with the question of representation for the Palestinian Liberation Organisation still unresolved. But the most problematical aspect of the talks could relate to armaments if the Egyptian Head of State chooses to press the issue and forcefully request more offensive weapons, like the Jaguar aircraft, which the U.K. could supply. If he did not realise it before going to the U.S., President Sadat cannot expect much in the way of American military assistance, especially with Congress in its present mood.

France has been positively forthcoming to the point that it has agreed to sell the most advanced Mirage fighter-bomber. Britain's own restrictions on sales to the Middle East were eased last summer but the proviso that they should not "endanger the achievement" of a just and peaceful settlement remains. While talks on a number of specific weapons, including the Jaguar, have been continuing, the Government could still find it embarrassing if Britain's willingness to supply them was made a test of its attitude to the Middle East problem as a whole.

In his second article on Brazil **Geoffrey Owen** examines the country's economic and political aims

The challenge ahead for the Brazilian experiment

SINCE THE Second World War both capitalism and democracy have been in retreat, especially in the developing world; the number of countries which can be described as capitalist or democratic or both is small and getting smaller. That is why the Brazilian experiment, now going through a difficult period, is so important. For here is one of the largest and potentially strongest of the developing countries which has chosen capitalism as the basis of its economic growth. Moreover, the Government's stated objective is to move the country gradually from the present authoritarian régime to democracy, though the timing and mechanics of the transition are uncertain.

The success or failure of the Brazilian "model" is a matter of more than local interest. Can the market economy as practised by Brazil bring to the mass of the population the prosperity which most of the middle and upper classes already enjoy, and are Brazil's economic policies (which up to now have put more stress on enlarging the cake than on sharing it) compatible with full democratic rights?

Spiralling inflation

When the armed forces seized power in 1964, they took over a country which had grown fast but erratically over the preceding two decades. It had developed new industries behind high tariff walls, but it was suffering from spiralling inflation and an alarming balance of payments deficit. The task of the new rulers, as they saw it, was to replace the demagoguery of party politics with a disciplined approach to economic growth. Decisions would be taken on the basis of technical criteria and the country's undoubted assets—its agricultural and raw material resources, its large and homogeneous population—would be exploited effectively.

After a painful start—the growth rate between 1964 and 1967 averaged only 3.7 per cent. a year—the alliance of the military and the technocrats succeeded in restoring order to the country's finances. Policies and instruments were developed which made possible the "Brazilian miracle" of 1968-74. These included indexation and other devices to bring inflation under control, measures to encourage savings and to develop the capital market, and the inflow of foreign investment on a large scale. For seven consecutive years the rate of growth exceeded 9 per cent.

Yet even before the oil crisis and the subsequent world recession there were some disquieting aspects about this performance. First, disparities between rich and poor remained glaringly wide. Though the poorest sections of the population certainly improved their living standards, their gains were modest compared to those achieved by the wealthier groups. Under the Government's statutory incomes policy increases in the minimum wage were in several years held below the rate of inflation.

Defenders of the regime argued that was a temporary phenomenon while the country's productive base was being built up. They pointed out that in a dualist society, where a large part of the population was outside the market economy, any attempt to jack up the incomes of wage-earners would make it even more difficult to absorb the unemployed into the labour force. The Government was determined to avoid the "premature distributivism" which had had such a disastrous effect on savings and investment in countries like Chile and Argentina. But the suspicion remained that the tight control of the labour market was an integral feature of the system. This was the reason, critics suggested, why in spite of pronouncements about an early return to democracy (made, for instance, by President Medici when he took up office in 1969), progress in this direction was slow.

Secondly, there was evidence that in the drive for maximum investment in manufacturing industry, both for import substitution and for the development of exports, investment in the public services and in the social field were being neglected. The sprawling growth of Sao Paulo, for example, left in its wake serious problems of public health and sanitation, substandard housing and public transport. Private affluence concealed a great deal of public squalor.

Economic growth

President Ernesto Geisel entered office last year determined to correct these weaknesses. While continuing to give priority to economic growth, he put more emphasis on redistribution and on improving the quality of life by devoting more resources to social welfare. At the same time he wanted to give new impetus to the process of political "decompression," paving the way for the return of democracy.

With this programme hardly off the drawing board, the economic climate deteriorated sharply: inflation accelerated after several years of gradual improvement and growth slowed down. The big issue now is whether the economic readjustment which the Government is engaged upon—and whose success cannot be taken for granted—will damage, perhaps fatally, the hopes of political liberalisation. If economic austerity has to be accompanied by more political repression, this could impose serious and even intolerable strains on Brazilian society.

Brazil's current account deficit rose to nearly $7bn. in 1974, compared with an average of $1bn. in 1968-73. The public realised, perhaps belatedly, how vulnerable the country had become to changes in the world economy; a period of belt-tightening was in order. Yet there is remarkable confidence both among the policy-makers and within the business community that the short-term balance of payments crisis can be overcome and that the shift from a 10 per cent. growth rate to an average of, say, 6 per cent. over the next few years is not only bearable but may even be positively desirable.

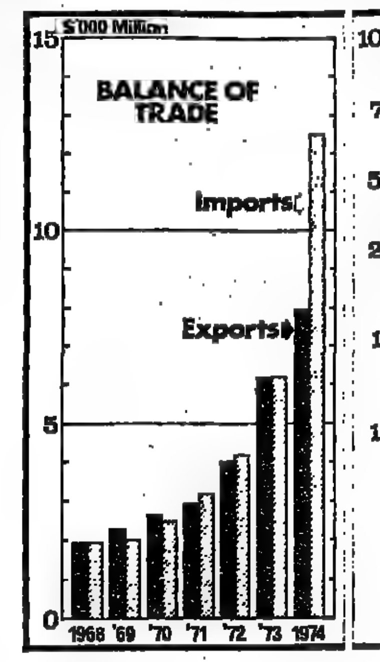
The steps taken in 1974—cooling off the economy, tighter control of the money supply, elimination of most import duty exemptions—will reduce the balance of payments deficit this year, but at the cost of slower growth; the rise in GDP is likely to be under 5 per cent. The additional measures announced by President Geisel on October 9, including restrictions on imports by the State enterprises, new "Buy Brazilian" rules and higher import duties on luxury goods, are designed to cut the deficit still further in 1976, when the growth rate may again be 5 per cent. or less.

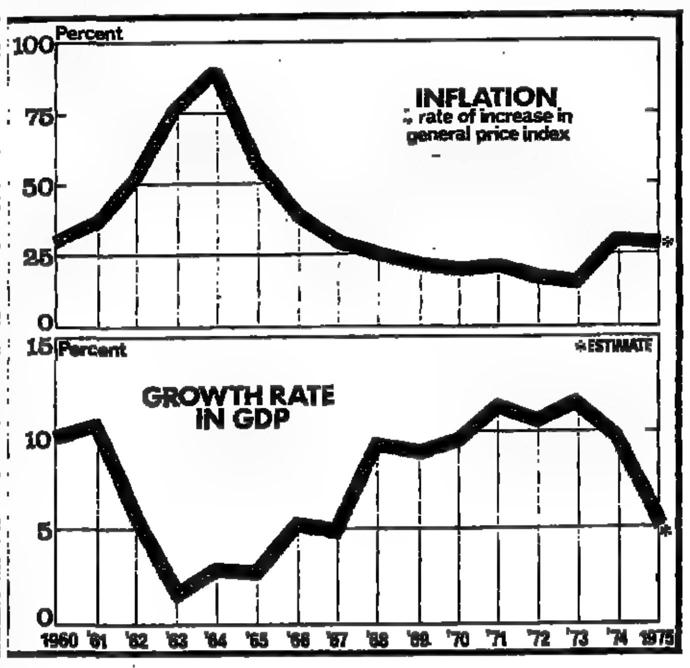
In some respects Brazil, despite its dependence on imported oil, was much better prepared for the oil crisis than most other countries. The Government had taken advantage of the world boom to promote exports and to build up enviably large reserves of foreign exchange—a form of advance borrowing which has enabled Brazil to maintain a positive growth rate when the industrial world as a whole was experiencing negative growth.

Furthermore the country's industrial base is now diversified enough to make possible a considerable import-substitution programme, especially in engineering. The headlong expansion of the motor industry has served its purpose: attention is shifting to the manufacture of capital goods as one of the new driving forces in the economy. Another driving force will be housing. Apart from its low import content the house-building programme has social and political advantages, helping to integrate the low-income families into the market economy and creating new demands for household furniture and equipment.

While there is some apprehension about the scale of Brazil's external indebtedness and about the availability of foreign capital in sufficient quantity, there is a good prospect—in the light of the resources that are available and the authorities' proven skills in managing the economy—that the adjustment will be successful. Much will depend on the expansion of exports, but even if manufactured exports grow more slowly than in the last few years, the country's potential as an exporter of iron ore and other minerals and, more important, as a supplier of primary agricultural commodities, is still a long way from being realised.

Whether Brazil can do all the things that are now being planned, particularly on the industrial front, within the time scale which the authorities have in mind, is debatable. Quite apart from capital goods, there are plans for self-sufficiency in steel, petrochemicals, fertilisers, pulp and paper and several other "basic" sectors, to say nothing of the big mining projects, the nuclear power programme and the development of an electronics and mini-computer industry. Given the Government's apparent determination to press on with regional development and expanding the social services, some of these items will have to be pushed down the priority list.





Wage formula revised

Can improvements also be made in income distribution? The Government has revised the minimum wage formula to benefit the lowest-paid. The use of wages policy to correct income disparities is bound to be gradual and will have only a slight effect on that part of the population which is outside the market economy, although it should benefit from the expansion and modernisation of agriculture. But the will to attack the problem is there, and a 6 per cent. growth rate should be enough to finance a substantial improvement of social welfare.

However skilful the Government may be in this "administered" redistribution of income, there remains the nagging doubt whether it will be enough to satisfy expectations. This is, of course, the reason why the military distrust democracy—that it will lead to the emergence of Left-wing agitators who will arouse expectations that cannot be fulfilled. But they are also realistic enough to see that the present authoritarian system, which does not command the loyalty of the people as a whole and has not been legitimised by popular vote, cannot survive indefinitely.

The rise in inflation has made the Government unpopular and the new measures to deal with the balance of payments have not improved matters. The opposition party in Congress, the MDB, has attacked the decision to allow foreign oil companies to participate in oil exploration in Brazil; the sanctity of the Petrobras monopoly, untouched since 1953, has always been an emotional issue and although the Government's decision was an entirely logical move to speed up the search for oil, it has revived fears about foreign domination of the economy.

Autonomy limited

In these circumstances there is a tendency on the part of the armed forces to hold back on political "decompression." Events in Portugal have been carefully watched and the recent discovery of a Communist Party cell within the Sao Paulo military police, reinforced their fears. There is anxiety that if the state governors are elected by popular vote in 1978, as the constitution requires, there will be sweeping victories for the MDB and this will make the Federal Government's position difficult — though the autonomy of the state governors is limited. There is speculation that the authorities may try to form a new "centre" party, out of the existing Government party, Arena, and the moderate elements of the MDB, to ensure solid majority support for the régime.

Whether the authorities are prepared to face up to the undoubted risks in liberalisation is not yet clear. In these circumstances it is easier to be confident about Brazil's economic future than about its political future. Yet in the long run the one depends on the other. It is not enough to say, as do some observers, that Brazil will prosper as long as the politicians are kept out of the way. The challenge for Brazil is to develop an institutional framework which allows the people to participate in the political process, but without bringing back the anarchy and chaos of the years immediately preceding the 1964 revolution.

MEN AND MATTERS

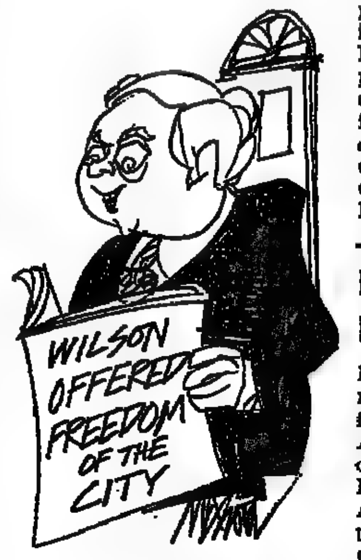
Making Mr. Wilson free

Whatever arguments went on behind the locked doors of the Corporation of the City of London, the final outcome is the decision to offer Harold Wilson the Honorary Freedom of the City, and 10 Downing Street has already indicated that he will accept "with great pleasure." In theory the subject could be discussed again when the official recommendation goes to the Court of Common Council next week—which is an open session. In practice there will be no argument, and all that is to be decided is a mutually acceptable date on which the ceremony is to be performed.

The Prime Minister is therefore getting the highest accolade which the City can offer, and joining a select band of people the first of whom was Pitt the Elder back in 1757. A number of Prime Ministers are included, although among contemporary leaders Wilson had to take his place in the queue behind Pierre Trudeau of Canada who received his Freedom *honoris causa* earlier this year.

Edward Heath is a freeman of the City in his own right: that is quite distinct from the award of Honorary Freedom, and can be achieved in three ways: servitude, patrimony, or redemption. Servitude involves being apprenticed to a freeman, patrimony allows sons and daughters of existing freemen to qualify, and redemption involves paying for it. Heath, who is a liveryman of the Goldsmiths Company, achieved his freedom by the third method.

Unlike the freedom of most cities, which can be granted to organisations and regiments (allowing the latter to march through the place concerned with fixed bayonets, to name one jolly diversion) Honorary Freedom of the City is restricted to individuals. One commendable aspect is that for an area with a poor record on female representation, women have been included among those granted freedom: Florence Nightingale was so honoured.



"They're hoping I won't ask them to help bail out Chrysler."

Pocketing on calculators

Once upon a time smug, prosperous Westerners could apparently count on a friendly reception if they arrived in Eastern Europe bearing chewing gum, American cigarettes, ball point pens or jeans. But technology is changing the patterns of trade.

The latest items craved from Western visitors are apparently pocket calculators, which give a good illustration of capitalism at work. Simple calculators this side of the Curtain now come under £10, and for, say, £35, quite a complex machine is available. The Hungarian newspaper *Esti Hirlap* has to admit that the equivalent retail prices there would be in the £125 to £195 range.

So illicit calculator-carrying has been in evidence, and the paper says it is also happening in East Germany, Poland and Rumania. One really worrying point, though: the report declares that in the summer "many foreign tourists and travellers *attempted* to smuggle pocket electronic calculators into the country" (my italics). Sounds like a warning.

Big day for Bill Sayer

Last night Sir John Davis, chairman of Rank Organisation, formally accepted the Queen's Award to Industry on behalf of Rank Cintel, a subsidiary of Rank Precision Industries. Around 500 people attended the ceremony at Welwyn Garden City, but few people could have found the evening more satisfying than Bill Sayer, a 58-year-old mechanical production manager who has been with Rank Cintel in its various guises for exactly 40 years.

In those days Cintel was Baird Television and its premises were located at Crystal Palace until that was destroyed by fire in 1936. Sayer was an apprentice in the machine shop by day, and in the evenings he would go along and assist John Logie Baird himself at his home: at that time Baird was still persevering with his mechanical television invention *in competition with the electronic system being developed* by Marconi and EMI.

Although Baird pursued his personal research until his death in 1946 its commercial application virtually ceased in 1937 when the BBC opted exclusively for electronic TV, but the Baird company, which was merged into Rank just before the war, has come a long way since then.

Now Rank Cintel claims to be a world leader in the development of television broadcast equipment, and exports account for 84 per cent. of turnover. Yesterday the company's director and general manager Peter Blaxton disclosed that orders for its latest technical innovation—the Mark 111 Telecine—have reached more than £1m. even before the first delivery has been made. This is the latest in equipment which basically turns film into a broadcast signal. Every feature film shown on BBC for example goes out via Rank Cintel equipment as do a wide range of other programmes, and the company has supplied £2m. worth of equipment to Australia needed for the launch of colour TV there this year.

Paté de faux pas

Strasbourg may be one capital of the EEC, with both the European Parliament and the Council of Europe meeting there, but it seems to suffer the sort of language difficulties which do little for harmony between nations. On the menu of a smart restaurant in the city's Hotel Bristol, Brochettes d'Agneau aux herbes de Provence is described as Lambs Spit, while Consommé—Chaud ou Froid becomes Consumate Warm or Cold.

Observer

FINANCIAL TIMES SURVEY
Thursday November 6 1975

JAMAICA

Prime Minister Michael Manley has set Jamaica on a course of "democratic Socialism" allied with increasing dialogue with Third World countries. This policy will have to be implemented in the context of a somewhat ailing economy and lively political debate.

Going it alone

"JAMAICA is alone: the rest of the Caribbean has developed in a very authoritarian way." That is how Prime Minister Michael Manley sees his country's role. He believes it will lead the region, both in its internal social revolution and in its external Third World alliances. But to do so inevitably implies a degree of isolation.

The country is undergoing a remarkable degree of change in its efforts to survive in an economically precarious world. The international recession has forced on it drastic decisions about where its real wealth lies, as each traditional market is badly hit. Tourism, bauxite, sugar and bananas have each been affected, while two years of drought have hit the country's harvests and fuel bills have rocketed.

But the economic soul-searching is just one aspect of a far deeper social upheaval going on in the country. The political debate has reached such a pitch that words like "hatred" and "fear" are used quite carelessly. There is a real questioning whether the country is suffering from a terminal disease, or whether it is merely a form of permanent paralysis.

What has caused the great debate is in part a Government which has turned out to be rather more radical than it was expected to be, in part a steady deterioration in economic conditions, and in part a Jamaican delight in high drama. But the fact that the drama is in earnest is witnessed by the growing emigration, not just of the landless and jobless, but also of the educated middle classes, graduating often to almost menial jobs in the apparently more hospitable surroundings of Canada or the U.S.

"I'm a Jamaican. I'll be on the last boat to leave," is the sort of comment one hears from businessmen or professionals. In spite of the strict rationing of currency exports there is a thriving market in Jamaican dollars in Miami, where they are bought to finance the ganja (cannabis) trade which originates in the small holdings dotting the Jamaican hills.

The island has survived remarkably well a career of brinkmanship in international economics ever since independence in 1962. Reserves have frequently dipped to a level barely sufficient to pay for a few weeks' imports. Inflation has run consistently ahead of world levels, and unemployment, at a rate of more than 20 per cent., would be a recipe for revolution in any other country. But each time a crisis has loomed Jamaica's negotiators have managed to secure a last-minute better deal for the country.

What has not happened is any change in the broad social structure of the island, whose contrasts of wealth and poverty, and of slum and skyscraper, are immediately and starkly apparent.

Jamaica is capable of producing substantial wealth from its excellent agricultural land, while it also possesses huge reserves of high-quality bauxite, the raw material for aluminium. It is also an ideal tourist trap, with a lot more variety to offer than many of its English-speaking fellows in the Caribbean. But the wealth that has been produced has never percolated through the population to the level of the make-shift shanty towns that litter West Kingston, and even Montego Bay, the tourist Mecca. Working on a farm still has a stigma attached to it which dates back to slavery on the plantations.

As for tourism, it is considered an occupation for outsiders, not Jamaicans, and the conspicuous level of tourist consumption only serves to re-emphasise that feeling. Now the country's Tourist Board is having to put in almost as much effort to persuade Jamaicans to use their own facilities (left sadly deserted by the dip in the travel boom) as it is in wooing foreigners.

Inevitably the level of violence in Jamaican society is linked to the social contrasts. A visitor is barely given time to adjust before he is warned against walking the streets at night. Drivers claim that they do not stop at red traffic lights in downtown Kingston—for fear of a hold-up.

Violence is certainly close to the surface. It was given a vicious outlet when American dealers started to trade guns for ganja, as a preferable substitute for the Jamaican dealer to U.S. dollars. The plague of guns reached crazy proportions, with meek and peace-loving citizens feeling the need to carry one.

The short-term answer was the gun court (set up specifially to try gun-carrying offences and empowered to hand down unlimited sentences, a power now questioned by the Privy Council), which looks more like a prison camp or a Belfast army post, surrounded with concrete and barbed wire. It seems to have had an effect, and there has been a definite decline in the number of major crimes recorded — 33 per cent. so far this year, Mr. Manley says.

Resentment

Certainly what the casual tourist can appreciate, even if he comes into contact with no open violence (and this correspondent is quite alive to tell the tale) is some resentment. It is partly to cure that reaction that the tourist board has had to launch its "Discover Jamaica" programme for Jamaicans. It is also an effort to make Jamaicans more aware of their own cultural and historical heritage.

Little evidence of history survives at ground level. But there is a rich oral tradition of stories about the dissolute lives of plantation owners, the brave feats of slave rebels, and—on a more commercial level—the inevitable pirate sagas. The history of slavery itself is kept vague, and only now has the Government decided to elevate two slave heroes—Sam Sharpe, who led a rebellion in 1831, and Nanny of the Maroons, who masterminded a guerilla war against the British from 1720 to 1739—to the status of national heroes. It is an effort finally to dignify the island's slave heritage.

But it is the social reforms of the governing People's National Party which are causing most debate: what Mr. Manley calls the "democratisation" of Jamaican society. The PNP was elected to power in a sweeping victory over the Jamaica Labour Party in 1972, with a slogan "Socialism is Love." "Peace and Love" the taxi-driver calls, as he swerves to avoid a careless pedestrian. The slogan is both eye-catching and vote-catching in a country where slogans are almost as important as deeds. Socialism is proclaimed widely both by the Government and its opponents (attacking it), and yet Mr. Manley's Socialism is a peculiarly Jamaican variety.

Opponents see the policy as creating the classic state control—ultimately in a one-party system. "The Government's anti-inflation package is just one more instance in which crisis is being used as a strategy to entrench Socialism into the country's economic system," says Mr. Eddie Seaga, leader of the more conservative JLP. "In the name of crisis you take power. It is creeping Communism based on a strategy where they have a vested interest in crisis."

Mr. Manley maintains that his party's Socialism is to give power back to the grass roots, to the shop-floor in the factory, through worker participation, to the sugar estate and farm workers, through co-operatives, to the schools, through joint parent, teacher and pupil committees. "We attach most importance to the democratisation of the institutions," he says. The state itself should only control the "commanding heights" of the economy. "The private sector has a very dramatic role to play. But we are dealing with some entrepreneurs who are a little inexperienced about the real world, and look askance at a state presence in these things."

But even in the private sector, responsibility must be shared. "We want the initiative and drive of the entrepreneur in a co-operative relationship with his workers. We feel there is a whole range of the economy which can be most effectively and efficiently operated within a system of private ownership, provided you democratise that ownership. At a time of tremendously rapid change, obviously the private sector gets nervous."

The commanding heights of the economy include not only the public utilities, but also in Jamaica's case the international bauxite companies, in which the Government is planning to take majority control, "only very carefully orchestrated in terms of majority national ownership and control." So far deals have been struck with Kaiser and Reynolds, but not with Alcan and Alcoa. As for the future involvement of multinationals in the Jamaican economy, they are a predictable *bête noir:* "I don't know how much multinational capital is interested in coming in in a minority position," Mr. Manley says.

What worries more conservative Jamaicans most is summed up simply: Cuba. Although that island is barely 70 miles away, the very thought of it arouses symptoms of terror.

It is Mr. Manley's obvious friendship with and respect for Fidel Castro which arouses more fear than any of his actual reforms. It is his wooing of both Mexico and Venezuela which has alienated the other regimes of the English-speaking Caribbean, particularly Dr. Eric Williams in Trinidad. Both Latin countries are now deeply involved in major Jamaican investment projects — the most recent being an oil refinery at Luana Point, with Mexico providing the expertise and Venezuela much of the oil. "We want to be as free as possible of multinational domination," Mr. Manley insists. "We can succeed with these inter-Government deals. "The rest of the English-speaking Caribbean is being a little naive about this when it talks about the 'new Imperial presence' of Mexico and Venezuela."

As for Cuba, it is a model which has lessons for Jamaica, but it is not totally applicable—although there are certainly some more radical Jamaicans who believe it could be. It is already providing Jamaica with some technical aid with a programme of small dam building in the hills.

One element of Jamaican society the Prime Minister continually refers back to—and it is obvious in the very vehemence of the debate going on in the country at the moment—is the inbuilt democratic nature of the people. They are passionate political debaters. "Jamaica has been held together by one of the most dynamic and dramatic political situations in the world," Mr. Manley says. "But there is a great danger of Jamaica overrating its social stability because of the strength of its political institutions."

There is a danger that those wealthier Jamaicans who have left the country with most of their cash are making their gloomy forecasts come true—although their numbers seem to be declining. There is also a danger that the passionate political debaters will get so carried away with their own passion and rhetoric that they fail to recognise the reaction to those words, or act on them. But at present Jamaica still seems a far more stable place than its critics give it credit for.

Quentin Peel

BASIC STATISTICS

Area:	4,411 square miles
Population:	2.1m.
GDP:	$J1,920m.
Per capita income:	$J727
TRADE (1974)	
Imports:	$J830m.
Exports:	$J664m.
Imports from U.K.:	$J105m.
Exports to U.K.:	$J102m.
TRADE (1975, Jan.-July)	
Imports:	$J611m.
Exports:	$J413m.
Imports from U.K.	$J86m.
Exports to U.K.:	$J102m.
Currency Jamaican $	£1=$J1.83

Politics conducted at a fever pitch

THE INTENSITY of the political debate in Jamaica demonstrates a commitment to party politics which is rare in the Third World. Political decisions are not often taken in camera, but are thrashed out in a blaze of publicity, filling the letters columns of the newspapers for weeks at a time.

It is a defence which the Prime Minister, Michael Manley, uses with some passion when he is accussed of taking Jamaica on a path to one-party Socialism. He certainly has some personal experience of it, having been bitterly criticised by the numerous newspaper columnists throughout the early months of his Government—an ordeal he has apparently not easily forgotten.

The island's commitment to a system with two broadly balanced parties alternating in power is in large part a British legacy, but it is one which has been taken up with a vengeance. Indeed the spectrum of politics within each of the two parties — Mr. Manley's People's National Party, and the more conservative Jamaica Labour Party, led by Mr. Edward Seaga—is another close parallel with the British scene. At present the limelight is focused on what outsiders see as a Left-Right struggle within the PNP, although party workers deny the existence of any such division.

Indeed the whole political debate in the country revolves around just how Socialist the PNP administration is, how close politically it is to Cuba, geographically 90 miles to the north, and whether the party is really being run by fellow-travellers. Leaders of the party's radical wing like Senator Arnold Bertram, a personal assistant to the Premier, and party secretary Dr. D. K. Duncan, are singled out as the sort of bogeymen that Mr. Tony Benn or Mr. Hugh Scanlon have become for their opponents in Britain.

A recent speech by Mr. Manley, delivered to a closed session of his party's national executive, and subsequently published, has received enormous attention, both in the local Press and throughout the Caribbean. "We are against Capitalism," the Prime Minister declared, "but we are not Communist.

"We do not quarrel with any country which chooses to live under either capitalism or communism. That is their business. We prefer to build democratic Socialism here." But other members of the party are wont to make far more outspoken pronouncements about the expropriation of the private sector which has literally terrified that section of the community, to the extent of causing an almost total collapse of confidence in the past year.

Prime Minister Michael Manley.

Divisions

Senior party members who might be considered on the Right wing are hopelessly torn by their loyalty to the Government and their desire to reconcile the country's middle classes to the path of gradualist Socialism.

The divisions certainly run deep not only within the PNP but in the country as a whole. One senior politician was reduced to tears over the situation as he said: "There are a number of people who are very important to the survival of the Jamaican economy who refuse to recognise that the future of Jamaica is indissolubly bound up with their capacity to work within the framework of a democratic society that recognises the right of the businessman to make a reasonable profit. And there are those who refuse to accept the fact that in a society 60 per cent. of which is under 19 years old, 60 per cent. of which is exposed continually to intellectual challenge and social change, that they cannot survive unless they are prepared to change. They are destroying their right to participate by thinking that Jamaica can continue along the road of the past. They don't want to surrender the role of class privilege. But if they do not, then there will be anarchy."

The Theory that drastic reforms are needed in Jamaica and that if the Manley Government did not carry them out they they would be imposed from below in a much more violent way, is a very plausible one. Violence is very close to the surface. But there is still no sign of any organisation in the disturbances, even in an embryonic form. The thinking is simply that social conditions are an ideal breeding ground for revolutionary politics.

"Jamaica has been held together by one of the most dynamic and dramatic political situations in the world," Mr. Manley says. "But there is always a great danger of Jamaica overrating its social stability because of the strength of its political institutions."

Both major parties have always overtly supported the socialist ideal, but it has never threatened to be enacted to the extent now spelled out by the PNP. Michael Manley is very much the fountain-head for party thinking. He inherited the mantle of party leadership from his father Norman Manley, former Prime Minister and, with Sir Alexander Bustamante, one of the two founding fathers of Jamaican independence. While his father was in control Michael Manley concentrated on trade union affairs in the party union, the National Workers Union.

Much of his thinking stems directly from his industrial relations and negotiating experience. His concept of socialism is broadly one of shopfloor democracy. The State is concerned, where necessary, with stimulating the growth of greater industrial democracy and cooperative structures throughout the economy.

Nervousness

The nervousness over the extent of the Manley Government socialist commitment really reached a peak in July when the Prime Minister visited Cuba as the guest of Dr. Castro. He came back armed with the fine phrase that Jamaica would walk "hand in hand with Cuba to the mountain top."

Opposition leader Mr. Seaga declared in a recent interview: "The great majority of people here are concerned that the PNP will lead Jamaica into communism along the lines of the Cuban model." On a recent trip to Miami Mr. Seaga made some outspoken comments about the downhill trend of the Jamaican economic and political scene. He was bitterly criticised on his return home for selling his country short (comments which sound remarkably similar to those levelled at Mrs. Thatcher after her trip to the U.S.). He is unrepentant. "Crisis is being used as a strategy to entrench socialism in the country's economic system," he claims. "In the name of crisis you take power. We are seeing creeping communism based upon a strategy in which they have a vested interest in crisis." At the same time he accuses: "They are bunglers who don't know what they are doing."

Mr. Seaga sees the present state of political development in Jamaica as having an exact parallel with Cuba's path to Communism. "The people are still free to go where they want and shop where they want," he says "Then in the name of crisis you introduce rationing—which is going to come in Jamaica next year. You then have a sanction on the lives of individuals. You proclaim everything as 'Democratic Socialism.'"

Radical

While the Jamaica Labour Party is being forced more and more to the right by the PNP's radicalism, Mr. Seaga is quite as capable of radical thinking. His own constituency is Kingston West, containing some of the worst slums in the island. He has succeeded in winning the seat three times in a row—more than any other politician before him. His pride and joy is Tivoli Gardens, a major urban renewal scheme based largely on self-help by the local community, which cleared a shanty town of some 5,000 people sharing two public lavatories and two sewers, and put landscaped housing, flats, community centres, health facilities, sports grounds and schools in their place. Only a phenomenal personal drive could have got the project completed as quickly.

"I have the same objective as the present Government," Mr. Seaga says. "The gap between the rich and the poor must be reduced. We differ over the means of getting there."

In spite of the vehemence of Mr. Seaga's attacks, and his brilliant economic criticism (he was Minister of Finance and Planning in the former JLP government) the JLP appears to be making little electoral headway. In two recent parochial by-elections the government actually picked up one seat. Mr. Manley must call a general election by early 1977, and provided he can keep the country relatively solvent he looks set for a second term in office.

What is more disturbing is how the domestic violence is increasingly spilling over into the political field. Both parties have their thugs in support. Party workers from either side venture into rival territory with extreme caution. An incident after the recent by-election result was announced in which a car belonging to a JLP supporter ended up in the river, and two PNP workers, including party secretary Dr. Duncan, spent the night in jail merited only a down-page story in the national papers. "Sporadic violence marked the final day of campaigning," the Daily Gleaner reported. "There were reports of clashes between the two rival party factions and of gunfire in which at least one person was wounded."

But Jamaican politics have traditionally been conducted at a fever pitch. Insults are traded at a level unheard of in Britain. Mr. Manley may well be justified in his firm belief in the innate democracy of the country. One party rule is not a probably future.

Q. P.

Payments deficit grows larger

GOVERNMENT officials and independent observers have to admit that one of the most serious problems facing Jamaica to-day is the balance of payments deficit.

A combination of high import prices, lagging exports and the general pressures created by inflation in excess of 20 per cent. have created a situation where there is genuine concern as to how the country will be able to maintain the present levels of consumption, and as to whether the Government will be willing to take the necessary steps to correct the situation.

Jamaicans are traditionally a consumption-minded people, and the level of expenditure on consumer goods is extremely high. Since the country lacks the productive capacity to meet this demand, large quantities of consumer goods are imported. The Economic and Social Survey of Jamaica for 1974 shows that some 23.1 per cent. of all imports in that year were consumer goods. And since there is a high propensity to consume, any increase in income is reflected in consumption, which must spill over into imports.

Jamaica has been fortunate in that since independence there has been a very high level of foreign investment in the bauxite and alumina industries, which has brought considerable foreign capital into the country. In the height of this era in 1971 some J$156.2m. in private capital flowed into the country. Subsequently, this declined considerably and when the present Government took office in 1972 it faced a serious balance of payments situation.

The reason was that the high level of private capital inflows, combined with official borrowing abroad, had permitted a level of consumption of imported goods and a standard of living which could not easily be reduced. The Government imposed stringent controls late in 1972 and in early 1973, but these were eased when the new bauxite levy was introduced. This meant almost J$180m. a year in additional revenue and, what was more important, foreign exchange for the country.

Crisis

However, since 1973 the level of imports has increased to such an extent that the country is again facing a serious balance of payments crisis. Observers are this time pointing out that there is nothing like the bauxite levy that the Government can rely on. This has already been imposed, and the crisis exists despite.

In October the Minister of Finance, Mr. David Coore, announced that Jamaica's foreign exchange position had reached a critical state since there were just J$80m. in the foreign exchange reserves at the end of August. This compares with the lowest level recorded by the Bank of Jamaica of $J71.1m. in January, 1974—with the difference that between August and January there are usually considerable outflows of foreign exchange caused by Christmas buying.

One of the problems is the inability of the Government to contain the rise in imports. In 1974 imports were supposed to be held at around $J600m., in fact they amounted to J$850m. Exports, on the other hand, reached J$664.4m., producing a trade deficit of J$186.3m. The deficit would have been much larger had it not been for the bauxite levy.

The situation is much more serious this year. A maximum import figure of J$900m. was set, but the Government has already had to admit that the year-end total will be J$1bn. or more. The result is that in October the Government placed a strict restriction on imports of capital goods in an effort to get greater utilisation out of the equipment and machinery already in the country. Obviously, any attempt to restrict imports of consumer goods would result in higher inflation.

One of the obvious answers to the trade deficit is to increase exports. Unfortunately, it would seem that production of traditional export crops is falling rather than increasing. Statistics show that the production of sugar declined from 373,000 tons in 1972 to 366,000 tons in 1974. There was a further decline in 1975. The situation is much the same with bananas.

It was felt that with the establishment of the Caribbean Free Trade Association and later the Caribbean Common Market, Jamaica, as one of the more developed countries within the area, would be able to benefit considerably. This has not proved the case. In 1970 Jamaican exports to the region totalled J$9.5m. and imports J$7.3m., giving Jamaica a favourable balance of J$2.2m. In 1974 imports, excluding petroleum, had reached J$40.1m., while exports had only reached J$29.4m., giving a deficit of J$10.7m.

In addition to the increasing trade deficit, another factor has been introduced; this is the flight of capital. Since the announcement last year of the introduction of democratic socialism into Jamaica there has been a steady migration of people and money from the country.

So much so that the Bank of Jamaica has had to impose further restrictions on transfers of capital from Jamaica. In September the Governor of the Bank of Jamaica, Mr. G. Arthur Brown, stated that new restrictions on taking money out of Jamaica had been imposed because of the alarming increase of the drain on foreign exchange reserves. He said that between 1971 and 1974 some $J45m. was taken out of the

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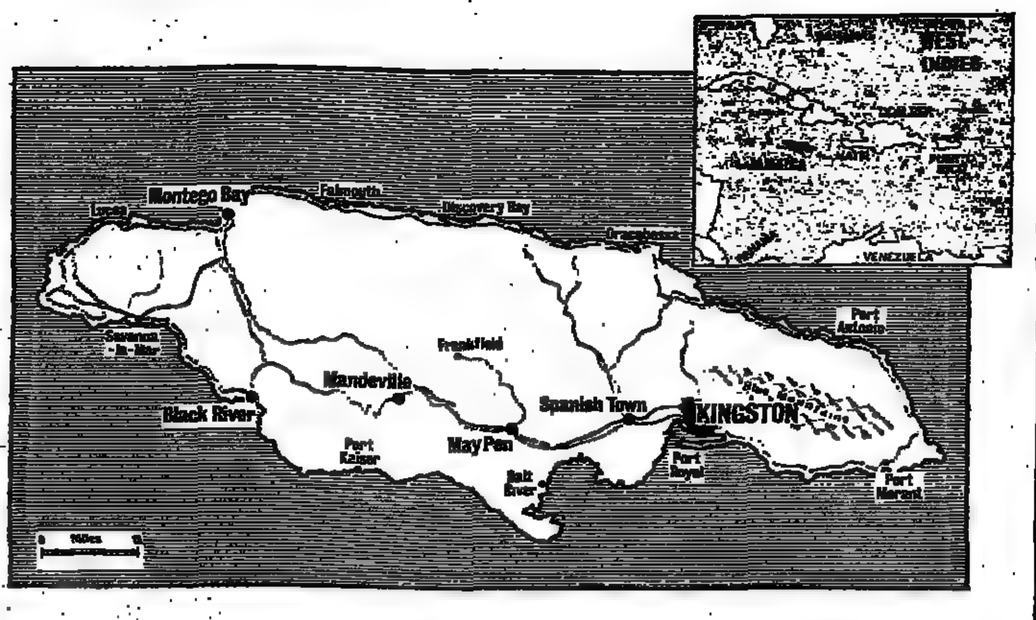
JAMAICA III

Keeping inflation under control

THE PRIVATE sector in Jamaica has been recently rechristened: it is now politely known as "the productive sector." The change is revealing of many attitudes in the country to-day. On the one hand the concept of a private sector had become a pejorative one, but at the same time there has been a growing realisation that in a totally mixed economy like Jamaica's the sector is vital to economic health. Hence, courtesy of the politicians, the change in name.

The new emphasis is part of the Government's latest anti-inflation policy, and although such semantics may seem superficial, they belie the urgency of the effort. For within 12 months of Jamaica cruising out of the energy crisis, her balance of payments improved, inflation slowing, export earnings hugely increased and unemployment falling, the country is on the knife-edge of economic insolvency again.



For a developing country without any energy resources of her own, Jamaica weathered the massive increase in her fuel import bill remarkably well. The first reason was that the Government, faced with imminent disaster, imposed a massive tax increase on the bauxite mining companies—the country's biggest foreign exchange earners—through the bauxite production levy, coupled with a minimum production level. Revenues from bauxite increased by more than 300 per cent. in 1974, from little more than $J40m. to more than $J160m. The second reason was that the rise in world food prices swung in Jamaica's favour, at least temporarily, through the huge increase in sugar prices. Sugar earnings for the year were some 108 per cent. greater than in 1973, increasing from $J35.4m. to $J74.4m. The quantity exported was only 1 per cent greater.

But the increased earnings of 1974 have provided the increased wages of 1975. While the Finance Minister, Mr. Coore, could claim in his May budget speech that first quarter inflation had been cut to less than 4 per cent. the Prime Minister, Mr. Michael Manley, had to admit by August, when he unveiled the first phase of his anti-inflation package, that the anual rate could be back to 25 per cent.

Increases

"Local factors are now contributing more than external factors to our inflation," Mr. Manley said. In 1972 only 6 per cent. of wage settlements were in the 30 to 40 per cent. range. By 1974, 9 per cent. of all settlements were in the 60 to 90 per cent. range, and this year all settlements have been in that range. Increases have been particularly high in the mining and sugar industries—to such an extent that sugar industry leaders admit that Jamaica may be unable to break-even on her sugar crop this year, while other producers will still make a healthy margin at present prices.

Wage costs have become an increasingly important element in domestic inflation, but import costs are also highly significant. In the first seven months of this year the costs of imported chemicals were up by some 50 per cent., the value of imported machinery and transport equipment from $J78m. to $J119m., and of manufactured goods from $J98m. to $J121m., all compared with the same period of 1974. A factor less easy to measure is the extent of inefficient use and under-utilisation of existing capacity in manufacturing industry. The problems of servicing in a country desperately short of skills have led to the frequent replacement of expensive machinery instead of its repair.

Unemployment

But for all its frequent publicity the most startling figure remains the country's desperate unemployment rate—a measure of the inefficient use of labour. The reduction of unemployment in 1974 from 28.6 per cent. to 20.5 per cent. was heiralded as a massive success. How much it measures the hidden unemployment, or on the other hand how many "unemployable" workers it contains is uncertain. But the crisis methods of tackling the situation are indicative—partly in raising the school leaving age, in a country where 60 per cent. of the population are under 19, and partly by the so-called crash programme of employing "impact workers" in tasks such as street sweeping, litter collection or gully emptying, simply to give them a job and a living wage.

Because of the failure of the private sector to absorb any great proportion of the huge pool of unemployed, the Government has spent increasing amounts to supplement private expenditure and investment. Inevitably that heavy public spending—including $J50m. on the "crash programme"—is blamed as another major cause of inflation, financed as it is by a large increase in the national debt.

The Government's latest efforts to tackle the deteriorating situation—labelled the Anti-Inflation Package Phases One and Two, in true deference to the British influence—have been criticised as at best irrelevant, and at worst positively inflationary. The most striking move was to declare a national minimum wage of $J20 a week, likely to apply particularly to thousands of household helps. Second came a plan to enforce $J50m. extra saving from both employers and workers, to be paid into a National Housing Trust which would use the money to build up to 7,000 extra houses annually. Rents were to be frozen (or even reduced in depressed areas), a whole new list of consumer goods would be added to the category where prices are laid down by the Prices Commission, and profits would be restricted to the average of the last three years.

But the most important parts of the package, and the most difficult to enforce, are those which aim to increase industry's production, and restrict labour's wage demands. "Production is the key," Mr. Manley proclaimed. A special Minister without Portfolio is to be appointed to cut the red tape, $J3m. made available in loans for small businesses and incentive payments made to employers taking on new workers from the "crash programme."

At the same time accelerated depreciation rates would be made available to factories operating two or more shifts—a rarity in Jamaica—and there would be a tax rebate for companies training workers. The amount of money available in export credits would be increased from J$5m. to J$7.5m., and payments by foreign buyers would be guaranteed by the Jamaican Government. But in a significant bid to cut imports and improve the utilisation of existing capacity, the package cancels all outstanding licences for capital goods, to be reconsidered on individual merits.

As for wage restraint, the package lays down a six month period when no agreement may do more than keep pace with the cost of living—although workers are allowed to have their "purchase power" restored to the level of June, 1973. Meanwhile those earning more than J$7,000 will be allowed proportionately less, up to J$16,000, above which level there is a total freeze. During the six months three-way Government, union and employer talks will continue to develop "further guidelines."

If wage and salary increases can be limited to around 16 per cent., it will be a dramatic improvement on the present deals of up to 100 per cent. which have been negotiated. But possibly the most important message in the package is to the so-called productive sector, in a bid to restore a disastrous loss of confidence. Much of that mistrust is directly linked to political rather than economic causes, to speeches by members of the Government rather than actions: the feeling that "the Socialism preached by the Government means expropriation." Mr. Manley went to great lengths to emphasise how much of a role private enterprise had to play in his scheme of things.

Some of the manufacturers are certainly mollified. The simple fact that they were included in the negotiations was an improvement on the previous antagonism, they believe. "Simply to restrain incomes without any form of concensus would have been ridiculous," says Mr. Douglas Vaz, president of the Manufacturers' Association. "I think we are on the right track. The whole tone of the package was 'Let's forget everything else and produce.'"

But there is still a big question-mark over the actual administration of the package, and over the efficiency with which the various ministries will put its tenets into practice. Every industrialist has bitter tales to tell of delays in processing applications for key imports and spare parts, which will be needed more than ever while major capital imports are banned.

Danger

Also as in Britain the Government intends to enforce its wages policy by refusing to allow employers to pass on higher wage increases in higher prices. But there is a real danger of confrontation as the trade unions, with a long and respected tradition of strength and militancy, and linked as they are each to a major political party, refuse to allow differentials particularly for higher paid workers, to be whittled away for long.

The biggest problem facing the present administration in Jamaica is that it is attempting a real redistribution of wealth in its society at the same time as trying to keep inflation under control. Inevitably the redistribution is leading to higher levels of consumption, and at least in the short term, to more expensive imports to satisfy it. But the Government is showing no signs of wavering from its path, even though it means running the economy continually close to the brink of disaster. And somehow the country has always managed to find a means of survival in the past. It seems likely it will still do so now.

Q. P.

Payments

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country legally by Jamaican migrants. In 1974 alone the figure had increased to $J15m., and that in the first four months of 1975 the figure on an annual rate was running at about $J25m. As an example Mr. Brown said that in the year ended July, 1975, 31 families applied for $J19m.

It seems that the question of flight of capital has assumed serious proportions, and little by little the Bank of Jamaica is finding it necessary to impose restrictions, although it is important to note that this has not affected existing foreign investments in the country. Foreign investors who have permission from exchange control to take out profits, dividends and capital are still free to do so.

Although figures have not been published, it is evident that the new political and economic policies of the Government have had an adverse effect on the inflow of foreign private capital. Whereas in past years there would be periodic announcements of foreign investment in Jamaica, these have now ceased. When the figures for 1975 are published, it is almost certain that they will show a considerable decrease.

Borrowing

This decline has been compensated in part by the bauxite levy, and in part by Government borrowing abroad. For instance, statistics show that between April and July, 1974, the Government borrowed some $J26.8m. overseas, while in the same period this year the figure had increased to $J37.8m. The net external debt in 1975 was $J278.4m., compared with $J220.1m. in August, 1974.

These statistics reflect the increasing tendency of the Government to take up the slack in the private sector. The decline in private foreign investment has been substituted for by Government. On the domestic scene, there has been what amounts to a confrontation between the Government and the private sector as to the former's intentions towards the latter under a system which the Government terms democratic socialism. The private sector, in spite of assurances from Government, is somewhat apprehensive as to its future role. The result is that there has been little expansion of production either for domestic consumption or export in spite of incentives in the form of export credit for the latter.

The result is that Government has stepped in with higher and higher levels of expenditure, particularly on special works programmes. Economists point out that this type of expenditure is highly inflationary since it provides income and employment to non-productive sectors of the economy. This must of necessity be reflected in an increased level of national consumption and a further drain through increased imports, on the nation's foreign exchange reserves.

In spite of these objections the Government has insisted that it will continue its present economic policy. This means that at some stage drastic action will have to be taken. The balance of payments cannot continue to deteriorate at the present rate. Sooner or later there will have to be a reduction in the level of consumption so that the inflation will decrease and ease the strain on the balance of payments. Otherwise within a very short time the country will be faced with what might prove to be a desperate balance of payments crisis.

By a Correspondent

JAMAICA IV

A broader foreign policy

JAMAICA'S FOREIGN policy has been designed, articulated and implemented by Prime Minister Manley in his capacity as External Affairs Minister and, according to him, is aimed at achieving Jamaica's economic independence. Consequently, the country's patterns of external relations reflect new trade and economic ties, particularly with a growing number of Third World countries.

The patterns of diplomatic and external relations to-day are more extensive than those which existed before the present Government took office. The immediate post-independence period saw little change in the strong metropolitan orientation of the country's external relations, focused on the North Atlantic power bloc, with token representation in African and Latin American countries.

The widening of links to embrace more of the developing countries does not mean that Jamaica is forsaking her old friends—North American and European countries — for new ones, Mr. Manley has been at pains to explain. It is rather an attempt to remove the high level of dependency on the metropolitan countries in such important and sensitive areas as the marketing of bauxite.

At the core of the country's foreign policy is the development of a wider Third World strategy, which the Prime Minister sees as being necessary to counterbalance the economic and technological advantages held by the developed world. To this extent implementation of the policy has followed a simple geographical rule of concentrating first on the Commonwealth Caribbean, then the Latin Caribbean, and then Africa and Asia.

This has perhaps been one of the Jamaican Government's most successful programmes to date, and the extent of the success is measured in Kingston by events such as the staging of the Commonwealth summit conference in May of this year, and Jamaica's high profile in the trade negotiations between the African Caribbean and Pacific countries and the European Economic Community.

Founding

The aim at economic independence and Third World unity on economic issues has seen Jamaica's involvement in efforts to get the International Bauxite Association in operation. The IBA is now just over a year old, has ten members and operates out of headquarters in Kingston. Jamaica is also a founding member of the International Sugar Exporters Association, and has been an observer at meetings of the Union of Banana Exporting Countries.

Despite the advance effects of successive oil price increases on the Jamaican economy, the Government has supported the actions of the producers' organisation on grounds that they represent a demonstration of sovereignty over patrimony, and a tangible way to effect the transfer of wealth from developed to developing countries.

It is from participation in meetings of the growing non-aligned movement for example, and the ACP-EEC trade talks that Jamaica has received a significant number of votes in its bid to host the headquarters of the International Seabed Authority. The Prime Minister has repeatedly stated that the patterns of diplomatic links and trade relations have little to do with ideology and the government's policy of democratic socialism.

Despite the stress on the economic bases of the country's foreign policy, however, it cannot go unnoticed that since taking office the Government has established full diplomatic relations with Havana, Peking and Moscow and has increased the pace of communications with Tanzania, Venezuela and Mexico.

Despite the dictates of the Organisation of American States which led to the embargo on Cuba, Jamaica maintained consular relations with that island, where thousands of Jamaicans were living. Until the four larger Caribbean Community countries took the joint decision in 1972 to establish full diplomatic relations with Havana, however, the architects of Jamaica's foreign policy ignored Cuba, only 90 miles to the north.

The two countries took a major step towards closer ties in July when Mr. Manley visited Cuba: Dr. Castro is to return the visit next year. The establishment of diplomatic ties was quickly followed by attempts to initiate trading, although progress has been slow and the volume small. Much more is expected after the meeting in Kingston this month of the joint Jamaica-Cuba joint mixed economic commission which will be investigating technical and economic co-operation between the two islands.

Relations with Peking were predicated on the potential for trade between the two countries, but not much has been done to get Chinese goods to Jamaica despite a massive and impressive trade exhibition in Kingston. The links have, however, provided Jamaica with a lucrative, if small market for 10,000 tons of sugar annually.

The Soviet Union has long been a market for Jamaican pimento, and it is widely held in Kingston that the establishment of diplomatic ties between Moscow and Kingston earlier this year has more to do with Jamaica's bid for the International Seabed Authority headquarters than it has to do with the immediate prospects of economic ties. Moscow controls a significant number of votes which could be valuable to Jamaica if it hopes to overtake Malta's efforts to host the ISA headquarters.

Limited

The obvious political content of Jamaica's foreign policy has been limited to matters such as support for the United Nations resolution calling for Israel to withdraw from occupied territories in the Middle East, and diplomatic and political support for the liberation armies which were fighting in Guinea-Bissau, Mozambique and Angola before the rift widened between UNITA, the FNLA and the MPLA.

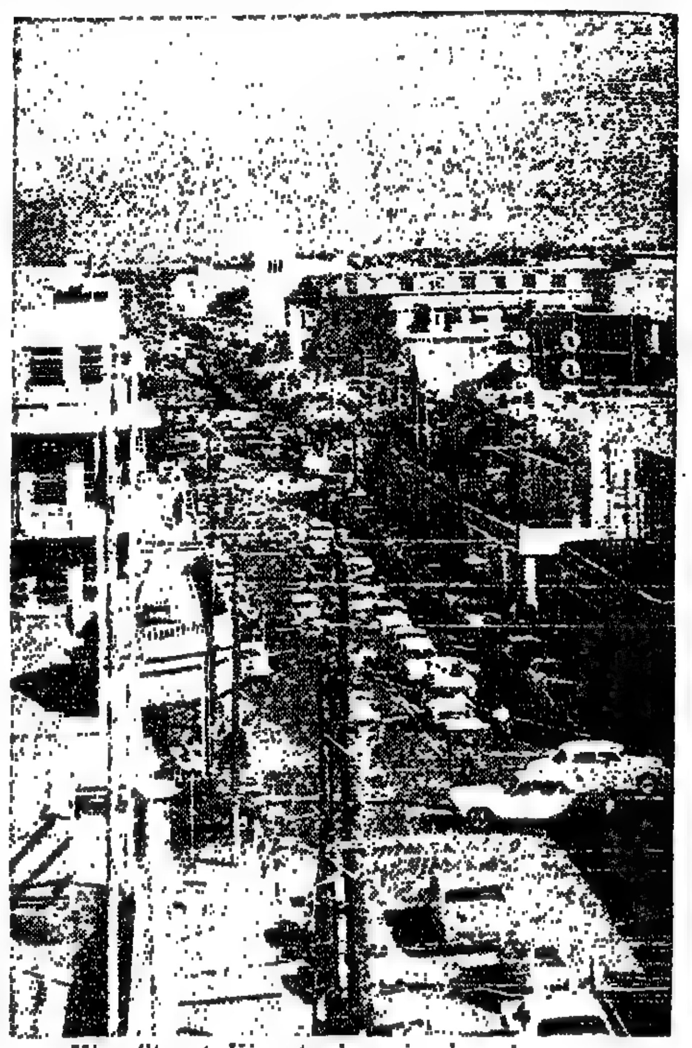
The Caribbean Basin has been an arena of intense activity in Jamaica's foreign policy, but implementing the policy has not been a painless exercise for Mr. Manley. The Government has stated an unchanging commitment to the Caribbean Community and Common Market and has been making efforts to change Jamaica's image as an isolationist State — an image which the country acquired when it opted out of the West Indies Federation.

The aim of economic independence which has led to new arrangements for bauxite and alumina with Mexico and Venezuela has brought from Trinidad's Prime Minister Williams the charge that Mr. Manley was allowing the Latin American countries to colonise the Caribbean.

Although the argument between the two leaders have been based mainly on the effects of the multinational deals between Jamaica, Mexico and Venezuela on the aluminium smelter proposed for Trinidad, Dr. Williams has raised the question of Jamaica claiming to support an independent Belize free of the threat of invasion from Guatemala, while at the same time signing an agreement with Venezuela which could contain a clause supporting Guatemala.

It is known that the six Central American countries which signed the agreement with Venezuela, and which provides for a rebate on oil purchased from Venezuela, had to agree to support Guatemala. It is not yet clear if Jamaica had this clause removed.

Canute James
Kingston Correspondent



King Street, Kingston's main shopping area.

Neighbours' suspicions over CARICOM

JAMAICA'S RELATIONS with her Caribbean Community and Common Market partners have never been very smooth, not only because of factors affecting the economic aspects of the Community's operations, but also because Jamaica's role in the collapse of the West Indies Federation in 1962, and because the ghost of that Federation still haunts efforts towards regional integration.

Ironically, it was the traditionally anti-integrationist Jamaica Labour Party rather than the pro-Caribbean Peoples' National Party which took Jamaica into a regional economic grouping, the Caribbean Free Trade Association (CARIFTA), which was created in 1967. The party had in 1961 campaigned successfully for Jamaica to leave the Federation, but there appears to have been a change in policy recently with party leader Edward Seaga displaying a more flexible approach than his predecessor Hugh Shearer.

While the tenuous nature of Jamaica's relations with the other CARICOM countries is rooted in the fact that the West Indian people do not easiy forget the many years of instability which have been the consequence of the country having to fight and appease the understandable suspicions of the smaller countries of the Eastern Caribbean, as well as those of the larger partners — Barbados, Guyana and Trinidad and Tobago.

With Jamaica having a population of 2m., representing just under 50 per cent. of the Community's total population, the fears of the smaller members are not totally without foundation. In fact, the outcry from the other countries became increasingly vehement when, in the earlier years of CARIFTA's existence, Jamaican commerce and industry used its greater productive strength to profit from the Eastern Caribbean market, earning Jamaican businessmen the adjective "rapacious."

In an ironic complication to the situation, the complaints are now coming from another quarter, in Jamaica itself. A continuously worsening balance of trade position — with last year showing a deficit on CARICOM trading totalling J$36.5m. and the first seven months of this year a deficit of J$38.9m., has caused the manufacturing and exporting sectors to call for either machinery to see that the region's trading rules are being obeyed, or for Jamaica to leave the Community.

The problem the Jamaican manufacturers face is that of being uncompetitive on the Jamaican market. Eastern Caribbean manufacturers, particularly those in Trinidad and Guyana, can undersell Jamaican garments and footwear because of lower overheads and lower production costs all round.

Dissatisfaction

They argue that the inequalities in the sources and quality of raw materials, and the absence of a common protectionist policy for the region, are working to the disadvantage of the Jamaican manufacturing sector, and in favour of the manufacturer in Barbados, Guyana and Trinidad. The dissatisfaction has also found root in the interpretation of the Common Market's Agricultural marketing protocol, where the Government agency, the Agricultural Marketing Corporation, has claimed that rather than buying Jamaican potatoes, some CARICOM countries were importing from third countries.

The requests have not had much effect on the Government, which through Prime Minister Manley and Foreign Trade Minister P. J. Patterson has reiterated Jamaica's commitment to CARICOM.

In face of more frenzied calls from the Jamaican manufacturing sector for a reconsideration of Jamaica's position in CARICOM, Mr. Patterson told his CARICOM ministerial colleagues in Montego Bay in July that Jamaica had no intention of going back to an isolationist position, but was going forward to "real and meaningful" economic integration.

These many reaffirmations of Jamaica's commitment have not quietened either Jamaican or Eastern Caribbean critics. There is still dissatisfaction fed by such problems as the celebration of CARICOM Day on the one hand to Jamaica's recent imposition of import licences on CARICOM goods on the other.

The former raised the ire of Antigua's Premier George Walter, who claimed that although all CARICOM members had agreed that the first Monday in August should be a regional public holiday, that had been changed because what the Premier called "big brother Jamaica" had found it inconvenient. And to give force to his displeasure, the Premier said that Antigua would not be marking the holiday.

The latest dart at Jamaica has come from Trinidad where Industry and Commerce Minister Mahabir is investigating the implications of Jamaica's decision to licence CARICOM imports. Jamaican Minister Patterson had stated he had communicated the decision to all his Ministerial colleagues, presumably including Mr. Mahabir, but the tenor of the Trinidadian statement has led to the feeling in Jamaica that some harsh words can be expected.

Although Jamaica is the second CARICOM member to impose licences on regional imports, Guyana being the first, Trinidad's concern is based on the fact that Jamaica is one of the largest regional consumers of Trinidadian goods. Mr. Patterson has said, however, that the imposition of licences will not necessarily result in a decrease in the volume of imports from Trinidad or from any other country, and has suggested that there could be an increase in volume. The exercise is aimed at forcing Jamaican importers to choose their sources and help the Government meet its target of an import ceiling of $J900m. for 1975.

Licences

The potential damage to trade relations which can come out of the import licences issue is immediately apparent when set against the welding rods quarrel between Jamaica and Guyana, which lasted two years, and which recently ended. It is typical of the type of problems which have affected Jamaica's CARICOM relations, and which have grown out of either genuine misunderstanding or groundless suspicion.

In the middle of 1973 Jamaica lost the market for welding rods in Guyana, valued at about $J100,000 annually, because Guyanese customs officials barred shipments saying they did not qualify for preferential entry under the CARICOM treaty. (In order to qualify for duty free movement within CARICOM, regionally produced goods must contain at least 50 per cent. locally added value during the manufacturing process.)

The problem occupied the attention of the region's heads of Government and Council of Ministers through several conferences, involved the inspection of the manufacturing process in Jamaica by Guyanese and CARICOM Secretariat officials, and was finally solved a few months ago with agreement that the welding rods would be subject to rigorous examination.

The unstable nature of Jamaica's relations with CARICOM partners has affected even

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Fall in bauxite output

THE PRESENT state of the Jamaican bauxite industry reflects the recessional pains of the aluminium market. Mining activity is now running at between 70 and 75 per cent., a reduction which mirrors the level of production at the aluminium end of the industry. With the inevitability of the aluminium market slump affecting every aspect of the industry, bauxite production this year is now expected to be about 12m. tons, whereas last year's total production was marginally above 15m. tons.

The situation has ominous implications for the hard-pressed Jamaican economy. In imposing its revolutionary production levy last year, the Government set the six companies involved a minimum target of 14m. tons per year all told, *allocated* according to capacity and past performance. This was to prevent the companies from shifting the burden of their mining operations to countries in which there were no legal restrictions on the quantity of ore extracted.

The closure, in August, of the small Revere alumina plant, which had a take-up in the region of ½m. tons per year has a marginal effect on the drop in production, and it is likely that the five companies will plead *force majeure* to gain exemption from paying for material they have neither mined nor used.

On the positive side, Finance Minister David Coore recently said that this year's receipts from the bauxite production levy, which is tied to the average realised market price of aluminium and which last year saw the companies paying J$151.5m. instead of J$41m. in 1973, have been above expectations, and close to J$200m. This, the Minister said, was the result of higher prices for aluminium. The good news, however, may not be enough to compensate for the negative economic effects of the market slump.

Although the closure of the Revere plant was not really the result of the prevailing market conditions, but rather because the plant was uneconomical and was producing alumina at about J$100 above the current market price, it was a serious blow to the island's critical unemployment problem.

The shutdown left 550 workers without jobs, and with temporary and full-time workers which were made redundant by the other companies, nearly 1,000 of the 10,000 workers in the industry have lost their jobs since the industry took a dive earlier this year. This is despite efforts by the companies and the trade unions to effect various job-saving programmes.

Amid the problems, however, the mood in the industry is one of guarded optimism. There is the hope that although the road is now rough, and although the long-awaited upturn in the aluminium market may come next year or the year after, Jamaica will be sitting pretty because of the expected greater demand for alumium and therefor for bauxite, and through the higher prices which should characterise the market.

The Jamaican industry's future plans are dependent to a great degree on identifying and exploiting new markets for bauxite and alumina. Because of the island's proximity to the large market in the U.S., the Jamaican industry has always been oriented towards North America. Of the five plants now operating in the island, Alcoa, Reynolds, Kaiser and Alpart are U.S.-owned, while Alcan is Canadian.

Doubts

Prime Minister Manley has more than once expressed doubts about the wisdom of the market being tied up in this fashion, and has sought to make the island's bauxite market outlets an integral part of the new foreign policy he has been implementing, and which is outlined elsewhere in this survey.

The Jamaican Government is a partner in a multinational alumina/aluminium complex with Mexico and Venezuela. This involves a 200,000-ton per year aluminium smelter in Mexico in which the Jamaican Government will have a 29 per cent. interest, majority ownership being in the hands of the Mexican Government. The smelter is to be fed by a 900,000-ton per year alumina plant in Jamaica, in which the host government will have a 51 per cent. interest. The complex is expected to cost J$500m.

The agreement with Venezuela involves Jamaica supplying 200,000 tons of alumina from the new plant, in which the Latin American country is taking a 10 per cent. equity. On the other hand, Jamaica has been offered a 10 per cent. interest in the Venezuelan smelter in the Ciudad Bolivar industrial complex on the Orinoco, which is being expanded to nearly 500,000 tons. Both the Mexico and Venezuela operations are to start between 1978 and 1979.

Jamaica is also likely to sell alumina to Iran with which trade has already started with a seven-year contract for sugar. Bauxite and alumina are also to be sold to another Middle East country with which negotiations are taking place but which is so far unnamed, and markets are also being sought in Eastern Europe.

Plans for a regional aluminium smelter to be sited in Trinidad and fed by alumina from Jamaica and Guyana now appear to have been aborted by disagreements between Prime Ministers Williams and Manley. The smelter was planned as part of the southern Caribbean island's massive industrial development programme in the south, and was based on the use of extensive natural gas reserves as fuel. The three governments concerned were to have almost equal interest in the plant.

However, although regional experts from all three countries are still pursuing studies of the feasibility report done by the Norwegian firm Norconsult, Dr. Williams has publicly queried the feasibility of the project in light of the increased volume of aluminium which will be coming from the Mexican and Venezuelan smelters at the same time the Trinidad project was scheduled to come on stream.

The negative state of the industry seems also to have affected the pace of the Government's programme to gain a controlling interest in the local mining and processing operations. Agreements with Kaiser late last year and with Reynolds earlier this year have led to the Government buying a 51 per cent. interest in the companies' local operations, and have returned to State ownership all the land the companies owned.

Participation

Initial talks have since been held with Alcan and Alcoa, but it is hardly likely that there will be any further agreements on State participation until the market situation settles. It is likely that whenever the talks start again, the Government will be attempting a 51 per cent. interest in each of the companies, as has been the case with Reynolds and Kaiser.

Moves towards State participation at the local level have been supported by the Government's purchase of small parcels of shares in Kaiser and Reynolds on the open market in New York

While the Government has been pushing ahead with its programme to gain a controlling interest in the industry, there has been one nagging leftover from the bauxite production levy in the form of the request from Kaiser, Reynolds and Alcoa for the World Bank's International Centre for the Settlement of Investment Disputes (ICSID) to arbitrate on the legality of the levy.

The Jamaican Government has been ignoring the Centre, having withdrawn from the section of the Convention covering raw materials just before imposing the production levy. No one in the industry is willing to predict what will happen if ICSID rules in favour of the companies.

The Government's position is that it has legislated, and that the matter is closed. It has not even answered ICSID's request to appoint a representative to the tribunal which has already started hearings. Even with the Centre, there is some doubt about the outcome as there are no precedents. ICSID has never before reached this far on any issue, although it has been in existence for a decade.

Whatever the outcome, Jamaica is likely to receive substantial support though from the ten-member International Bauxite Association (IBA) of which the island is a founding member, and which has its headquarters in Kingston.

Already, several of the members of the Association have come to regard Jamaica as a leader in getting producing countries a better deal from bauxite. At least five members of the IBA have adopted modified versions of the bauxite production levy and have used it with varying degrees of success, mainly through information channelled through the IBA.

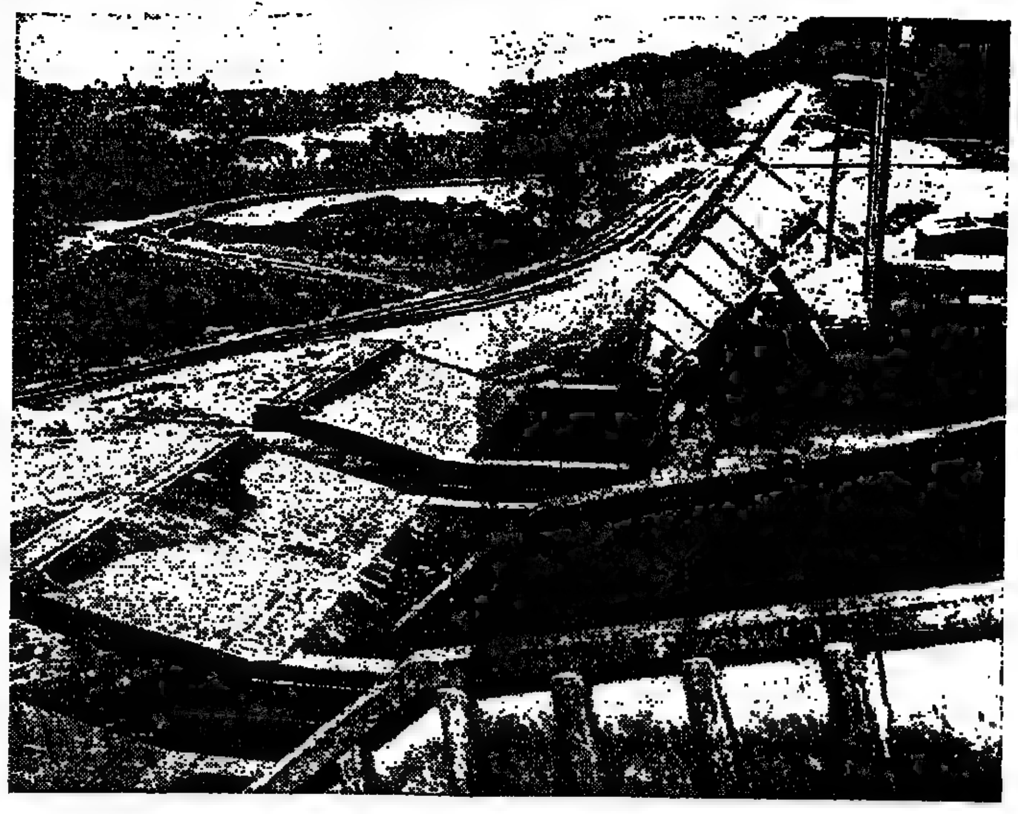
The political sensitivity of the bauxite industry in Jamaica, in addition to its contribution to the national economy when all else seems to be failing, has placed it in a position where it can be critical in influencing domestic developments.

The important fact here is not the effect of the industry in distorting local salary scales by paying relatively high wages to a minority of the country's workers, or that Jamaica is the world's second largest bauxite producer behind Australia.

The critical element in the domestic arena lies in such attempts to link the present state of the aluminium market, and the effects on the local operations, to the Government's imposition of the bauxite production levy, and efforts to obtain State participation in the industry.

Despite the gloom which has affected the industry, Government officials have remained relatively calm, and have tended to view current developments as a passing phase, after which they expect the industry to take-off when the market looks up.

C. J.



Loading bauxite into railcars at the Kaiser Bauxite Company's workings.

Caricom

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the level of communication between the region's heads of government. Recently, Trinidad and Tobago's Prime Minister Williams and Jamaica's Mr. Manley were involved in a verbal war of charges and counter-charges about Jamaica's open policy towards Latin American countries.

The quarrel was sparked by Manley signing agreements with Mexico's President Echeverria and President Perez of Venezuela for an alumina/aluminium complex where smelters in the two Latin countries would be supplied with alumina from a 900,000-ton per year plant to be built in Jamaica.

Williams argued that the arrangements opened the door for the Latin American countries to colonise the Caribbean islands, and that they posed a threat to the economic feasibility of the smelter to be sited in southern Trinidad and which, as a multinational operaton would be owned by Guyana, Jamaica and Trinidad, using alumina produced in Guyana and Jamaica.

In the wake of undiplomatic attacks on each other, conducted mainly through the Press, relations between Manley and Williams are now very cool. On the other hand, the level of camaraderie between Mr. Manley, Prime Ministers Forbes Burnham of Guyana and Errol Barrow of Barbados has led cynics in the region to suggest that these three are agreed that they should not allow Dr. Williams' words and actions to distract them.

Interest

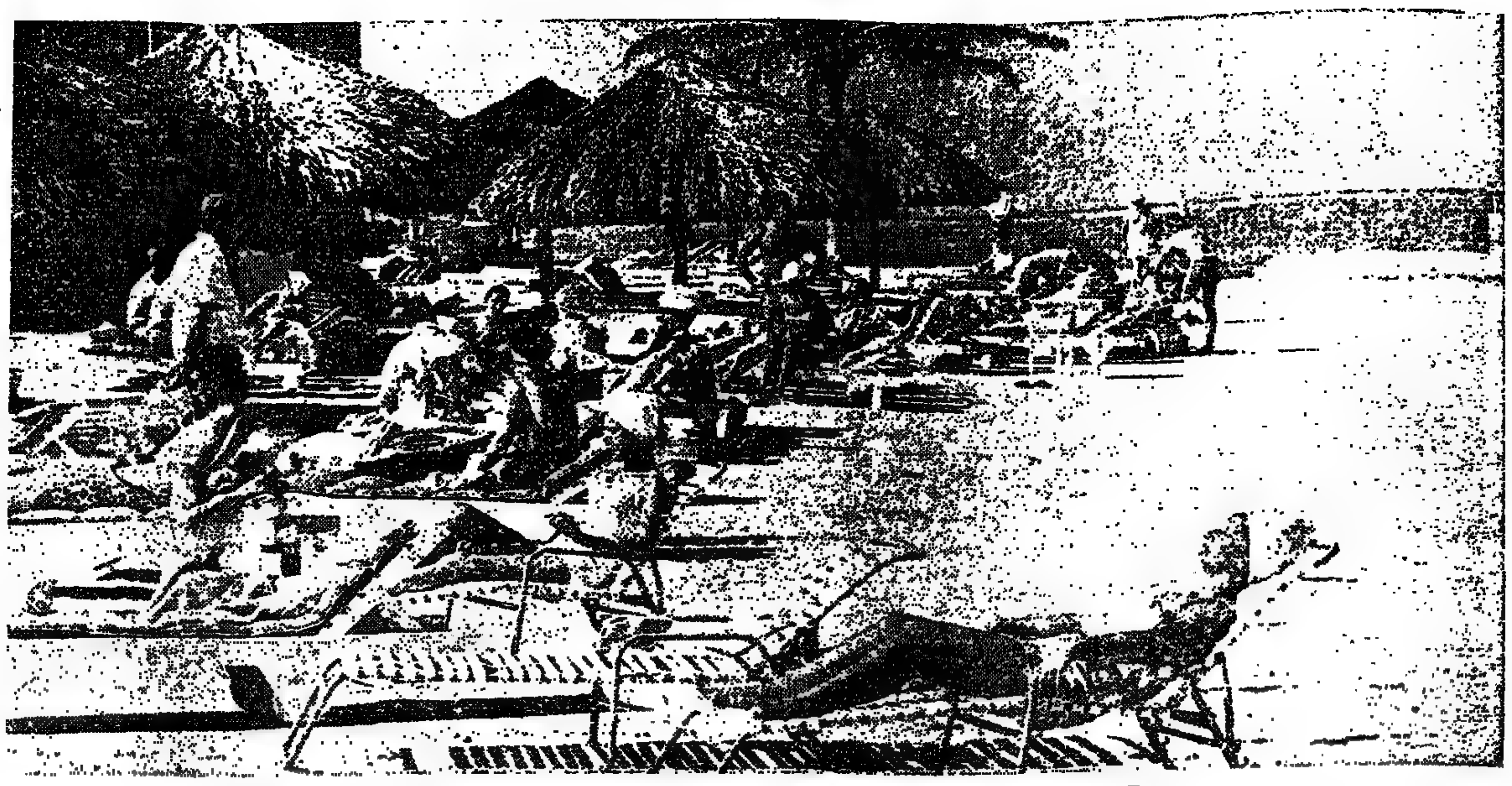
Barrow is not one of Dr. Williams' closest friends, and Burnham has since put himself in the same class as Manley (in Williams's eyes) by visiting President Perez in the Caracas. Already much interest is being generated by the possible nature of conference room scenes if both Manley and Williams attend the next CARICOM heads of Government conference scheduled for Dec. 8 in St. Kitts.

The Jamaican Government's pro-Caribbean sentiments come to a dead stop, however, on the question of political integration. Ever since the collapse of the federal experiment successive Jamaican Governments have repeated forcefully that they would in no way commit the country to participation in a political union in the Caribbean.

The repetitions have been not only the consequence of the dictates of that ghost of the dead federation, but also based on a reading of the mood of the Jamaica people who at this stage are likely to construe the island's participation in a political grouping as forfeiture of the country's sovereignty. The Jamaican government which engineers such a move would face certain, if not instant political death.

For Prime Minister Manley, Jamaica's relations with CARICOM are an important testing ground and a barometer for his wider Third World policy which has characterised the government's foreign policy initiatives. To this extent, it appears that it will take either a change of government, or a drastic change of direction within the present government, to alter Jamaica's commitment to the process of regional economic integration.

C. J.



A beach by the Royal Caribbean Hotel on North Shore near Montego Bay.

Tourism hard hit by world recession

BALD STATISTICS disguise quite how hard Jamaica has been hit by the worldwide stagnation in travel and tourism. In the seven months up to July, 1975 there was actually a 5.8 per cent. increase in the number of visitors to the country. Last year, against a background of decline in international tourism, the number of visitors still increased by more than 3 per cent.

But a trend that appears favourable against a world background of travel slump, in which higher fuel prices have particularly hit long-haul holiday destinations, is not so favourable in the purely Jamaican context.

The number of visitors actually represents a much slower rate of growth than in former years. Indeed, the 1975 figures disguise a real fall in stop-over visitors of something approaching 10 per cent.—hidden by a dramatic 69 per cent. increase in the much less significant passing cruise liner traffic.

Jamaica has invested quite as heavily in new hotel space as any other prime holiday territory: several big new hotels are still being built and are likely to come into operation over the next 12 months. But in the past three years the expansion in traffic has steadily lagged behind the increase in bed-space, so that in 1974 the bed-occupancy rate was down to only 40 per cent., and is likely to be lower still for the present year. Ten years ago the occupancy rate was practically 70 per cent. The result has been a rapid turnover of hotels, particularly in Kingston, and a rise in the number of off-season closures in prime holiday areas like Montego Bay. In that town, 16 of the larger hotels have had to close this summer, representing 60 per cent. of the resort's 3,030 hotel rooms, and resulting in the laying-off of some 2,500 workers.

Most of the closed signs are expected to come down again in time for the winter season starting in December, but there will have been a significant shift in ownership by then. For, in the meantime, the Government has substantially increased its own stake in the industry.

Two of the biggest hotels in Montego Bay have recently been bought by the State—the Casa Montego and the British-owned Montego Beach—for the bargain total sum of just J$4m. The next big hotel to open, the Intercontinental at Ocho Rios, will be Government-owned and simply managed by Intercontinental—a formula the present administration favours, and which in existing market conditions hotel entrepreneurs may find attractive as well. The other major hotel being built in Ocho Rios, the Hyatt, will be run on the same principle, as will the Intercontinental under construction in Kingston.

Complaint

But taxi-drivers in the capital are quick to point out how much harder they have been hit by the slump in business this year, harder than the purely tourist resorts. "There's been no business all summer," is the complaint. Companies on the fringe of the hire-car business are in similar straits, with the overflow from the big operators practically dried up since the spring. Two major hotels have closed already this year—the Forum, which was open for only a matter of months, and the Skyline, one of the three prestige high-rise hotels in New Kingston. There is little immediate prospect of either reopening, although the Government is involved in the negotiations.

Kingston's problems are aggravated because the slump in short-stay business visitors has been more dramatic than that of regular tourists, and it is one that no amount of marketing can cure. Short stays have dropped by practically 30 per cent. in the first half of 1975, in spite of the influx earlier in the year for the Commonwealth conference.

But there are more hopeful signs. The length of stay of visitors has been steadily increasing. In July the average length of stay was 9.3 nights, compared with 9.1 nights in July, 1974—and 7.9 nights in July, 1970. There is also a gradual but steady increase in the proportion of visitors coming back for a second trip. This is traditionally a small proportion in Jamaica, a fact which is often blamed on local attitudes to tourists. In 1974, 26 per cent. of visitors were "repeat business," whereas in 1971 it was barely 20 per cent.

What the recession has provided is an ideal opportunity to rethink the whole basis of the tourist industry, to transform it into a more stable sector worthy of second place in the country's foreign-currency earning industries.

In 1974 tourist spending increased by 4.6 per cent. from J$115.8m. to J$121.2m.—hard currency whose importance to the economy no one in Jamaica is willing to deny. Inevitably it is the hard spenders to whom the tourist industry must now look to consolidate its business—effectively the traditional longer-stay U.S. visitor. In spite of the huge increase in cruise traffic—92,000 visitors in the whole of 1974, 99,000 in the first seven months of 1975 alone—those visitors are by definition unlikely to provide significant spending power in Jamaica. The very reason for taking a cruise is often the fact of getting an all-in holiday with a guarantee of no hidden extras.

As for the country of origin, the U.S. still provides the overwhelming majority of stop-over visitors: 78.4 per cent., 339,000 in 1974, compared with 37,000 (8.7 per cent.) from Canada and 17,000 (4 per cent.) from the U.K. There has been no obvious change in these proportions over the past five years, although there has been a proportionate increase in visitors both from other parts of Europe and from other Commonwealth Caribbean countries, which between them account for less than 6 per cent. of total visitors.

There are three directions in which tourism in Jamaica is likely to travel simultaneously: Expanding into the package holiday market; expanding away from the traditional coastline; and expanding its own domestic market. There is just one direction that is not immediately necessary: Expanding the number of hotel rooms available.

The country has a head start in the package-deal charter business over its Eastern Caribbean rivals: it already has hotels with the available capacity to take the newly-permitted one-stop inclusive tour charters (OTC's) from the U.S. One of the conditions laid down for such tours is that they must number a minimum of 40 passengers staying in the same hotel: Jamaica can manage that, but many of the other islands might have to build new and larger units to cater for the trade, while leaving smaller units unfilled. But operators are still adopting a wait-and-see attitude.

"The days when Jamaica was a resort for the playboys of this world are past," the Minister for Trade and Tourism, Mr. P. J. Patterson says. "We want to attract the person who works in a store in the U.S., the person who drives a taxi in New York. He wants his package."

Unexplored

At the same time Jamaica cannot afford to alienate its former "fat cat" clients and tourist chiefs are hoping to run both extremes of the industry within the island. They have enough variety to do so. Certainly in the past the whole hinterland of the country—the hills where the ganja and bananas come from, the Blue Mountains where the coffee comes from—has remained unexplored by more than the occasional charabanc, venturing out in air-conditioned isolation from an hotel which itself could be compared with a self-contained cruise liner. Now the tourist board may raise up to J$500,000 on the open market to spend on amenities in new areas. One of the most far-reaching ideas is to open up the country's two mineral spas—at Milk River and at Bath. A typical Arawak village might be built to show how Jamaica looked before Columbus arrived, and rafting facilities might be improved on the rivers.

The tourist board is also attempting to promote the country's myths, legends, and history. Stories are being produced for the radio, on records and cassettes, on postcards and in booklets.

The aim there is twofold. Not only will a more publicised local culture, setting down the oral traditions in print and on tape, give the foreign tourist more to explore, but Jamaicans themselves are woefully ignorant of their traditions. "The Jamaican is ashamed of his past," a promoter says. So the cultural drive links in with a whole new exercise in encouraging Jamaicans to travel around their own island, to use their own tourist facilities, and so better to understand the industry. If the drive is successful it will not only even out the hotel trade throughout the year (with special off-peak rates for Jamaicans), it will also help to overcome a long-running antipathy to the industry from the local population.

Volunteers

A recent full-page feature in the Daily Gleaner repeats at length all the old criticism of how tourists are badly treated: "The name Jamaica stinks in the U.S. travel industry," the writer states, without much obvious substantiation. Whether the situation is really as bad as Jamaicans themselves make out, they are certainly making a determined effort to tackle it, although possibly still not at the grass roots. The wife of the Governor-General has been recruited to head a Meet the People programme, in which Jamaican volunteers will regularly entertain tourists in their own homes.

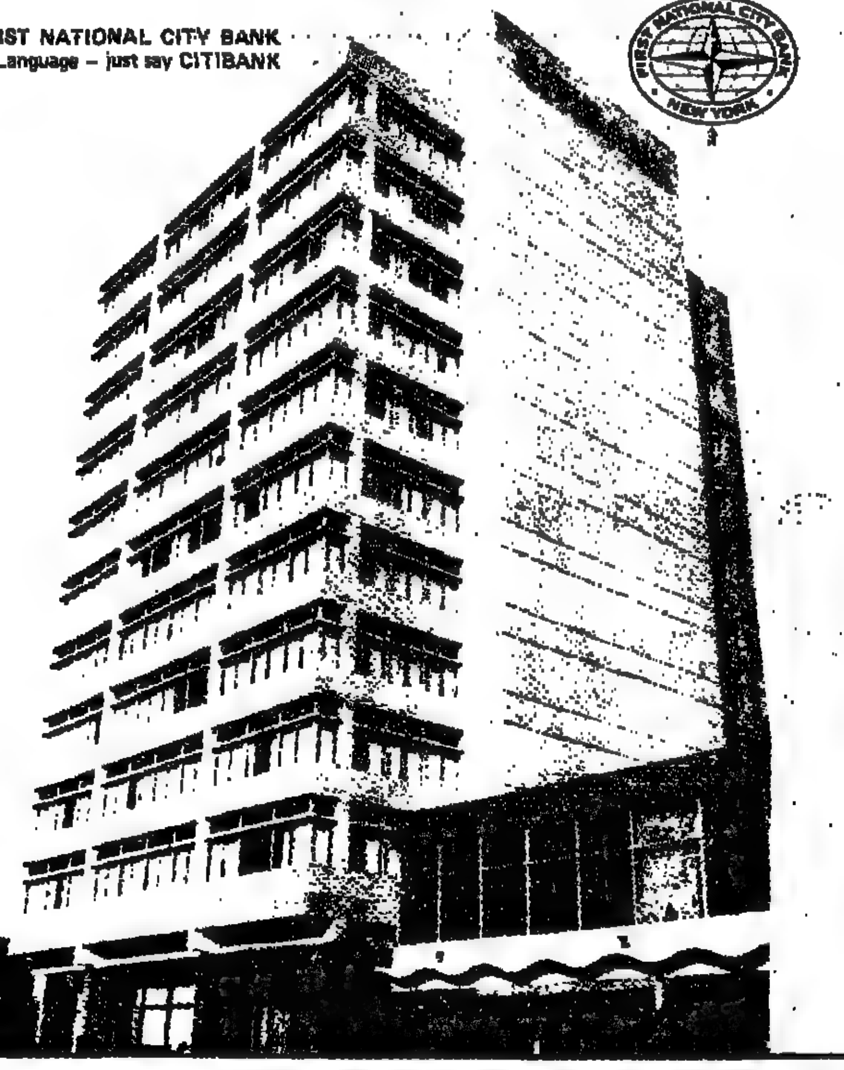
At the same time the tourist board is planning a big lecture programme, together with radio spots and school visits, called Discover Jamaica. And to show people just how much they rely on the industry, they are planning to put out "tourist dollars"—ordinary bills paid in wages to workers in the industry, but each one with a sticker attached showing it started its life in tourism.

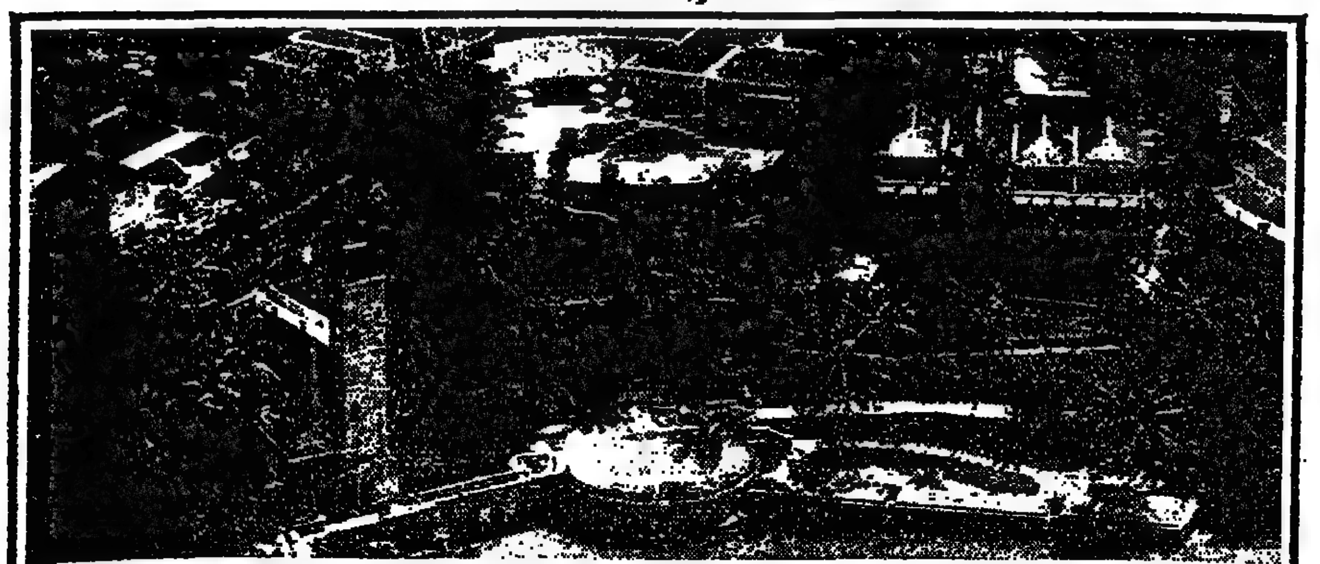
Whether all the different programmes are successful remains to be seen. There is a growing feeling in Jamaica that the worst is over, and the industry will be on a sounder footing when the trade picks up again. The Government's move in buying tourist hotels was not just to save the jobs of their workers, but also to further "Jamaicanise" the industry.

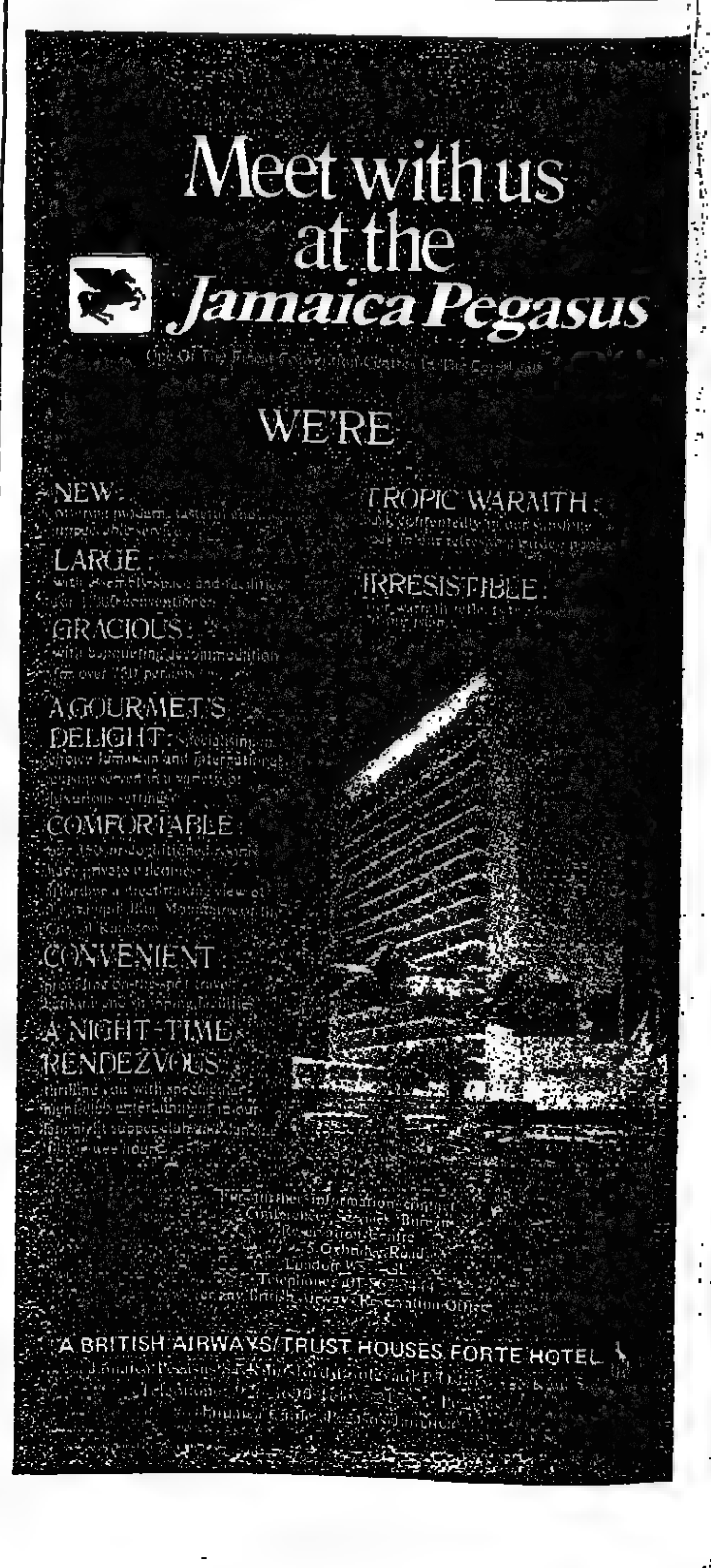
"The state of the industry is cause for concern, but it is not cause for panic or alarm," Mr. Patterson says. "I don't expect a booming season, but I expect a fair season. We had more rooms closed this year than last, but less than in 1973. All these hotels are going to be reopened." A tourist board official puts it more cagily: "It seems to me we are seeing a tapering off in the rate of decrease of visitors."

But Mr. Patterson's first priority is still to improve the image: "Personal relations are important, attitudes are important. The industry can only serve where it is welcomed by the people, and where it is an integral part of the national life."

Q. P.







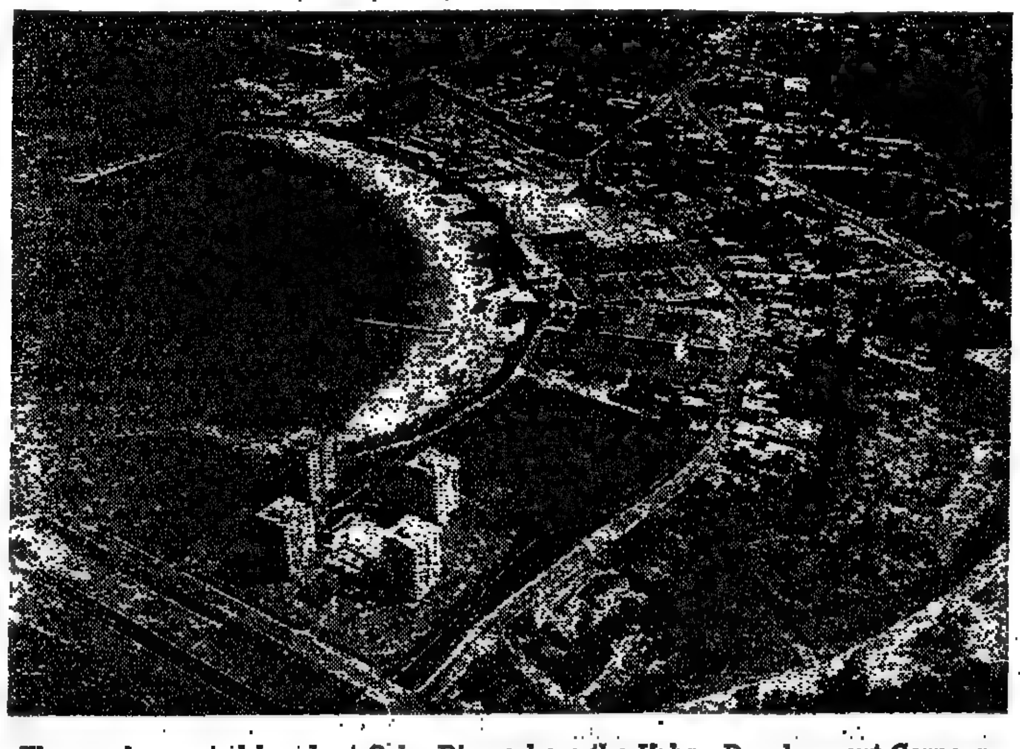
Banking sector faces some criticism

OVER THE past two years the commercial banks have come in for considerable criticism for charging high interest rates. Borrowers point out that a year ago it was not uncommon for commercial banks to charge as high as 17 per cent. for commercial loans. Some still claim that they have to pay this high rate—although the commercial banks have issued flat denials.

It would appear that Jamaican-based commercial banks have ben caught up in the bounding rate of inflation, which reached over 20 per cent. during the past two years and will probably be as high this year.

The commercial banks, on the other hand, say that they are not making that much money, and that a 1 per cent. reduction in the interest rate last year would have wiped out their profit. They point out that last year the nine commercial banks operating in the island earned $J120m. from all sources, out of which profits before tax grossed $J9m. More than half the earnings (less the profits) were used by the banks to pay interest on deposits, salaries, overheads and other incidentals accounted for the remainder.

Bank managers express the opinion that interest rates in Jamaica are less than in other countries and they point out that while Jamaican banks were giving loans at 12 and 12½ per cent. Miami banks were getting 13½ per cent. At the same time Jamaican commercial banks are paying 6 per cent. on savings accounts while Miami banks pay 4½ per cent. Jamaican banks pay 9 per cent. on one-year term deposits of $J100,000 while Miami banks are paying 7 per cent.



The newly created beach at Ocho Rios, where the Urban Development Corporation has developed the front as the basis for a new town.

There has also been criticism of the commercial banks in that they have not been active enough in the medium-term loan markets, and that they have been funding long-term needs on a short-term basis, thus creating cash flow problems for productive enterprises. The commercial banks counter this argument with the fact that the overdraft system of financing is in fact the most long-term method of capital financing in effect in Jamaica to-day.

Overdraft

The truth of the matter is that a great deal of the private sector's capital needs is met by overdrafts. Some time ago the commercial banks, with the support of the Bank of Jamaica, tried to do away with the overdraft system; reaction from the business sector was so strong that the commercial banks had no alternative but to let it continue. The Bank of Jamaica has strengthened its control over the commercial bank sector and now exercises the normal degree of control expected of a central bank.

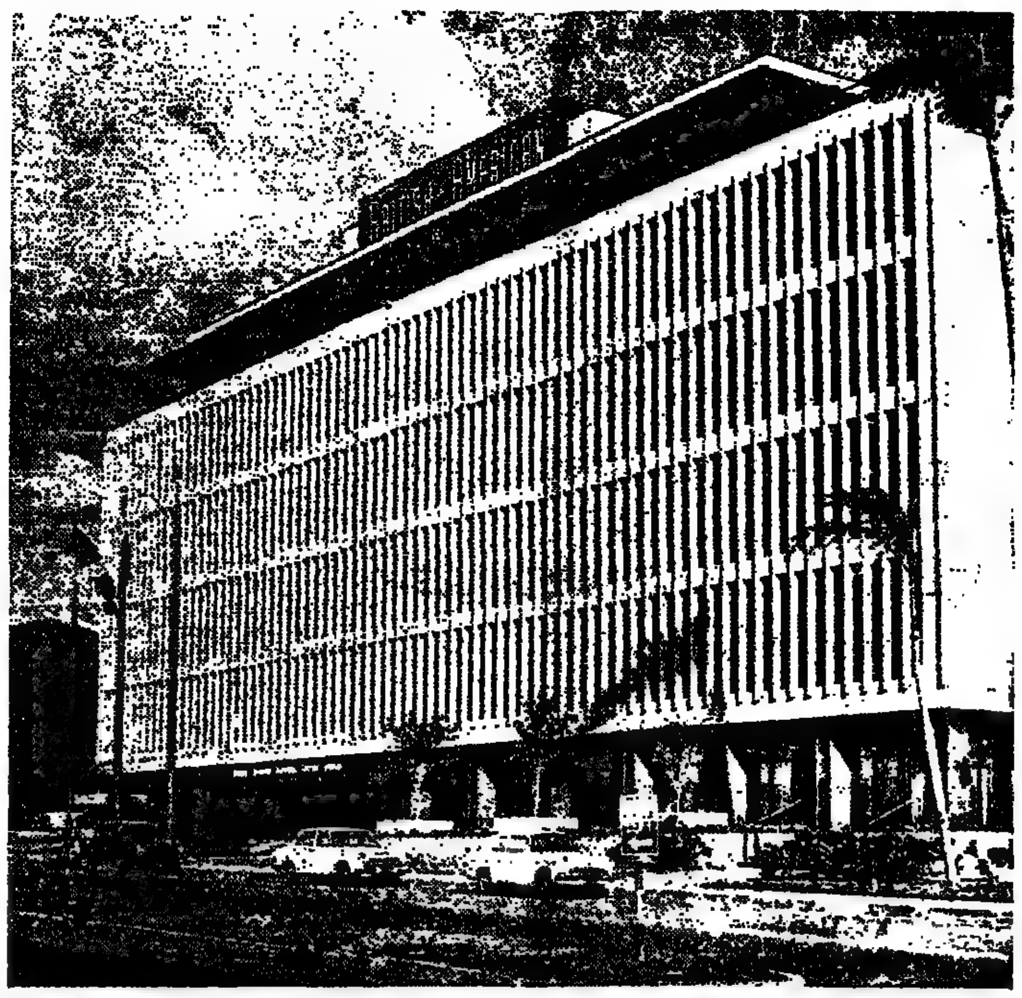
The central bank faces some very serious problems, however. On the one hand there is the question of allowing the commercial banks to expand credit to meet the needs of the public and private sectors. On the other is the very serious prob[*]m of the balance of payments deficit, which has brought about a drastic drain of foreign exchange reserves.

Statistics for August show that net foreign exchange reserves were down to $J85.8m. compared with $J146.1m. the previous month and $J183.6m. in August last year. The primary cause of the heavy drain on the foreign exchange reserves is the high level of inflation, which has created a strong demand for imports of consumer goods. At the same time exports have not increased sufficiently to meet the need for additional foreign exchange. Much of the finance of the balance of payments deficit is being done through borrowing abroad. The Bank of Jamaica is being called upon from time to time to purchase large quantities of Jamaican Government securities.

Because of the new Government policy of economic Socialism there has been considerable scepticism as to the future of the private sector. As the result the liquidity of the banking system has remained high. Bank of Jamaica statistics show that in July there was an excess liquidity of $J22.3m. which is high for the time of the year. An analysis of loans and advances shows that there has been a slight decline in loans to the manufacturing sector and a slight increase to the agricultural sector. It is too early yet to determine if this is a trend, but there is little doubt that the Government is putting more emphasis on agriculture. There has been considerable hesitance on the part of the private sector to undertake new investment, therefore the small decline in investment in manufacturing between June 1974, and June last could be that the productive sector is depending more on credit than before.

Domination

Experience over the years has shown that the commercial banking sector has been able to adjust itself to meet the demands of the Jamaican economy. Perhaps it is for this reason that there has been no strong criticism against the foreign domination of the banking sector. Although all the banks have formed local companies the Home Office is still in control. At one stage the merchant banks almost took over the normal responsibilities of the commercial banks but the Bank of Jamaica stepped in and limited their operations by reminding them that they were not commercial banks.



The British American Insurance Building in new commercial district in the hills above Kingston.

It is interesting to note that there has been no strong criticism of the commercial banking sector by the Government under the new policy of democratic socialism. The Workers' Bank was established to get the banking sector more involved with the worker but this has not proved to be a real tactical success since the bank has been plagued with management problems.

The Minister of Finance, Mr. David Coore, has said that the Government will not give any more licences for commercial banks to be set up in the country. The fact that the Government has accepted the important role of the commercial banking sector suggests that it considers that this sector is performing well. It is a general trend that when the Government plans to become involved in a particular sector such a move is preceded by very strong criticism.

One factor is that the Government is in dire need of foreign loans. On November 1, it was announced that a group of American banks had agreed to lend the Jamaican Government $50m. If the Government were to become highly critical of the private banking sector and indicate that all or part could come under Government ownership then it would become more and more difficult to get foreign bank loans.

It is possible therefore that the extent to which the Government will tolerate the private banking sector will depend on the extent to which the Government required loans from foreign banks. In the final analysis the level of commercial banking activity is an indication of the general level of activity in the economy.

The Government, under its new political system of democratic socialism, has said that there is a role for the private sector in the scheme of things. The extent to which the private sector can participate remains to be seen as there is more and more indication that the Government intends to take over greater responsibility for the running of the economy. This means greater public ownership and less dependence on the banking sector for financing. Therefore there could be a decline in the importance of the commercial banks in the Jamaican economy.

John Bradley

State-run public utilities

EVEN BEFORE the Government had declared its policy of democratic Socialism last year, there had never been any doubt about its policy regarding Government ownership of the public utilities.

On a number of occasions, Prime Minister Manley and other Government spokesmen have declared that the public utilities, since they affect such a large part of the populace, must come under the direct ownership and control of the Government. The Government feels, as many others do, that the public utilities should not be run by private enterprise where the profit motive is involved. Quite often the owners are not willing to provide the services in areas where the capital investment is high and the prospect of a profit, even long-term, vague.

This was an aspect which the previous Government had recognised, and it was generally felt that sooner or later the public utilities would be brought either under full government ownership, or at least under tight control. A step in this direction was made when the previous government purchased some 37 per cent. of the shares of the Jamaica Public Service Company on the market, which gave it effective control over the management, if not over the ownership.

Acquisition

At present, the three major public utilities of Jamaica—the Jamaica Public Service Company, the Jamaica Telephone Company and the Jamaica Omnibus Service which operates Kingston's bus service—are owned and operated by the Government. In each case the pattern of acquisition has been the same. The companies have been forced into a state of financial difficulties by being denied permission to raise rates.

The best example of this—spanning two governments—is the Jamaica Telephone Company. The JTC was started in 1892 and is currently operating under a 25-year lease granted in 1966. Before 1966, the then Government delayed giving the company an extension of the licence to the extent that the company was unable to obtain bank credit and could not finance capital development. As a result, the system was in a deplorable condition, and there was a backlog of applications for new telephones with no hope of being filled. What little capital investment there was had to be financed with bank overdrafts.

Finally the government granted the new licence just before the old one expired—but by that time it was too late. Fortunately, the Continental Telephone Corporation of the U.S. purchased the company and set about a massive improvement of existing facilities and expansion of services. The company was not allowed to increase rates, and the return on shareholders' equity between 1970 and 1974 was 4.34 per cent. In 1973 the company requested a rate increase of 54 per cent., and was granted 35 per cent.

On September 15 this year the Government announced that it would acquire the majority shareholding in the company and purchase Continental's 68 per cent. at book value for J$31.1m. The Government would also take over a promissory note owed by the company to Continental. The Minister of Finance immediately announced that a similar offer would be made to the remaining shareholders. More significant, he said that there would be a rate hike soon.

A science class at Mannings College, Savannah-la-Mar.

The system of denying rate increases as a means of forcing the utilities into financial difficulties and creating a climate for government acquisition appears to be a favourite. Another example of this is Kingston's bus service. The Jamaica Omnibus Service was started in 1953 by British Electric Traction Company and United Transport Company, with a capitalisation of £400,000. During the negotiations which led to the Government's acquisition of the company in April, 1974, it was pointed out that at the end of 1973 the share capital of the company was $J2.7m. in spite of the fact that no new equity capital had been put into the company since its beginning.

The company, on the other hand, pointed out that it was never able to get the fare increases it needed to make operations profitable, or to be able to provide a good bus service in its area. The history of the fares would tend to bear this out, since it shows that between 1954 and 1958 there was no increase, although an application was made in 1958. In 1971 and 1972 there was an increase, but only part of what the company asked for. In 1974 the company again made a fare increase application to the Public Passenger Transport Board of Control. Certain increases were granted, but the following from the report of the Board is significant: "In our judgment the fares must bear a reasonable relationship to the service being performed by the company and the inadequacy and inefficiency of the company's operations do not justify any further increase in fares at this time."

The company argued long and hard that it could not offer an acceptable service unless fares were increased to the point where it could attract new capital. The above mentioned report was handed down on March 22, 1975. On the following April 11, the Government announced its acquisition of the 86 per cent. of the shares owned by British Electric Traction and United Transport for a total of J$3.51m. In August the Government was granted 83 per cent. of the fare increases requested by the company earlier in the year and turned down by the Board on the grounds that the company was not offering an adequate service.

Since the Jamaica Public Service Company has been under effective government control for a number of years, there has been little problem with rates. Whenever it needs to increase the rates, the Government goes ahead. When increased oil prices were announced by OPEC, the Government immediately came to the aid of the consumer with a fuel subsidy. Most of this has been removed, however, on the argument that the Government can no longer afford it, and that consumers and not taxpayers should pay the cost. The Minister of Communications and Public Utilities, Mr. Eric Bell, has already announced that the recent 10 per cent. increase in the price of oil will cost about $J3m. in additional fuel, and this will mean at least a 5 per cent. increase in electricity rates.

Electricity

There does not seem to have been any improvement in the bus service as the result of government ownership, and it is too early to pass judgment on telephones. The Government, however, through Minister Eric Bell, has made a real effort to improve the electricity service. When it came into office in 1972 it found the Jamaica Public Service Company in bad shape. Equipment was old and in many cases unusable, expansion had not kept up with demand, with the result that there was an actual shortage of electricity and the country had to go through long months of power shortages. Minister Bell placed his reputation on the line and vowed to remedy the situation, which he did. There has been a sizeable increase in generating capacity and an expansion of services, especially in the rural areas.

Few Jamaicans have faith in the ability of any government to run businesses efficiently, mainly because there has been, and is, a severe shortage of management talent. However, in the case of the Public Service Company it seems to have been reasonably well run, although it would be impossible to compare it with what would have happened under private ownership if the owners had got all that they wanted in the way the administration of the company now gets practically all it wants.

By a Correspondent

The chronic malaise of unemployment

UNEMPLOYMENT in Jamaica is such a perennial social illness that a 1.2 per cent. drop in 1974 over 1973, bringing the unemployment rate down to 20.5 per cent., had the characteristics of a major feat of planning.

It did not escape a few perspicacious analysts, however, that the change in the official school leaving age from 15 to 17 and the start of the controversial special employment programme contributed to the small decrease, rather than new permanent jobs for formerly unemployed workers.

At the root of the problem is a painful shortage of skills of all types, and the fact that the pool of unemployed contains a high percentage of unemployable who in a healthier social and economic situation would have found work in the agricultural, mining or manufacturing sectors.

The lack of skills reflects a shortage of adequate training facilities in the country's educational system. There are just not enough technical schools and colleges to produce the level a d volume of trained manpower which can be effectively utilised in a country at Jamaica's stage of development. The problem also reflects a long-standing bias—a leftover of colonial Jamaican society—towards the arts, with total neglect of the sciences.

Bought

Consequently, technological skills needed for development usually have to be bought from overseas.

Attempts by the Jamaican Government to deal with the unemployment problem have made only a marginal impression. The Labour and Employment Ministry operates offices throughout the island which collate information on potential employees, and an effort is made to place them in permanent or temporary jobs.

There have been fewer successes in this programme than the Employment Ministry would doubtlessly like to see. While 42,000 were found jobs in 1972, just over 12,000 only were placed last year.

The Government last year allocated $J35m. from the Capital Development Fund, created by receipts from the bauxite production levy, to initiate its special employment programme.

The programme, however, came under fire on grounds that it was a waste of money as the nature of the work being done was unproductive, being limited to maintenance of public thoroughfares, sidewalks and public parks and gardens. In the local context, however, the fact that 20,000 workers found employment through the programme allowed the Government a breather in which to make alternative arrangements for these workers.

Recently Mr. Manley indicated that workers in the special employment programme will be moved to community farms which are to be developed across the island, a plan which should silence those who have been criticising the programme as being unproductive and wasteful.

Partly as a means of introducing Jamaican youth to a work ethic, and partly to get school-leavers productively employed, the Government introduced a national youth service programme in 1973. School-leavers are required to spend two years in a field of their choice, with the Government taking care of living expenses and paying the youngsters $15 a week.

Jamaica's young people are also receiving overseas help in skill training as part of a technical exchange programme with neighbouring Cuba. Several hundred young Jamaicans are now in Cuba learning techniques of building houses and agricultural installations using local materials and technology. The programme is likely to go on for quite a few years, and there should be little problem in placing these in jobs when they return to Jamaica.

Other Government efforts at reducing the number of unemployed include incentives for new and existing manufacturing enterprises which manage to increase their labour force either through expansion or increasing the volume of output.

All the plans and the programmes, however, have had to face the hard fact that each year thousands are thrown on to the labour market, while the increase in job opportunities cannot keep pace.

Over 50 per cent. of the 650,000 employed labour force is involved in the agricultural, mining and construction sectors. In agriculture, sugar is the main employer and will continue to be so for several years in light of the Government's reluctance to mechanise the labour-intensive field and factory operations and exacerbate the unemployment situation.

It is also likely that employment in the agricultural sector will be increased in the next few months with the expansion of the Government's community farm projects.

The bauxite industry employs just over 10,000, a reduction from the number employed up to six years ago when construction of mining and processing facilities was taking place.

The tourist industry also employs about 10,000, while public administration, manufacturing and commerce are sizeable employers.

Migrants

There was a time when Jamaicans had opportunities for employment overseas, and migrants flocked to the U.K., the U.S. and Canada, as the large Jamaican populations in these countries to-day demonstrate.

More stringent immigration rules in all these countries have seriously curtailed these opportunities for the export of surplus labour, most of which was unskilled, but which made use of the opportunities for training.

The nature of the unemployment problem in Jamaica is such that it has taxed the best efforts of successive governments, with little progress to show. It is hardly likely that the current plans and programmes of the Government will be able to bring about a radical improvement in the short term. Rather would it appear that even keeping the figure at the present 20 per cent. will be a herculean task.

C. J.

هكتر امن الاصل

Dealing with the urban drift

ESTIMATES OF the extent of rural depopulation in Jamaica and the drift to the towns are hard to find. Certainly it has been something nearer a rush than a drift since World War II, alleviated only by the steady emigration of Jamaicans to the United States, Britain, and most recently to Canada. In 1950 the population of the Kingston conurbation was less than 300,000. To-day it is approaching 700,000 out of a national population of 2m.

Urban drift has aggravated practically every one of Jamaica's already massive social problems. At least 65 per cent. of the island's urban population are reckoned to live in housing lacking basic facilities, more than a third squat in shanty-town shacks without any sewers or sanitation. Unemployment running at one man in four or five nationally rises to almost one in two in the poorest urban slums.

On top of the social problems Kingston, dramatically sited as it is between the hills and the sea, has been steadily exhausting the land available for it to expand into. The well-to-do have taken to the hills in an unplanned rush, pushing their comfortable homes further and further above sea level. They leave behind them a city sprawling without obvious control, with decaying businesses filling the gaps where the more prosperous have moved out.

The whole concept of urban development is still a fairly new one in Jamaica. In the past there was little more than a free-for-all for private enterprise which totally failed to tackle the real problems, concentrating almost exclusively on housing for the more wealthy and on prestige office developments. Into the vacuum, in 1968, was thrust an infant organisation called the Urban Development Corporation—a curious mixture of statutory body under orders to tackle only economic projects, but with a social conscience, somehow.

What the founders of the UDC soon realised was that the problem could not be tackled simply by rebuilding and expanding the capital. The urban drift had also to be channelled into other destinations than Kingston. So the corporation functions in two directions: its biggest and most impressive projects are in Kingston—totally rebuilding the waterfront area and creating a string of new towns in semi-swamp land to the West—but it gives equal emphasis to the task of creating or revitalising several other centres in the island, in a valiant effort to create other attractions.

Settlements

The earliest scheme is the creation of virtually a new tourist town at Ocho Rios, as a focus for the string of hotels and holiday settlements dotted around that area of the north coast. There the plans were set in motion back in 1967, a year before the UDC itself was set up. Then there is what amounts to a major renewal scheme in Montego Bay, an attempt to tidy up the town after the ravages of unrestrained tourist explosion, which has left Kingston-style shanty towns in its wake. At Negril the UDC has again been called in to get a tourist development going where private enterprise had failed to respond to heavy Government investment in infrastructure. And at Oracabessa the UDC has been summoned to bring life back to what was once a thriving banana port, before the boats moved away.

The Kingston waterfront where the Urban Development Corporation has promoted redevelopment of the run-down docks area.

Jamaica's particular requirements from urban development, both in its urgency and in its direction, have dictated the peculiar status of the UDC as Government-sponsored property developer. Somehow the organisation has to find schemes which promise an economic return, even though the private sector has failed to tackle them. It has to raise all its financing on the open market, and also must persuade private entrepreneurs to come into its projects once they get under way. What that really means is that the corporation, or the Government, chooses a desirable project, and the UDC officials have then to find an economic reason for it. In three out of six projects that reason has been tourism.

Ocho Rios is a good example, where the corporation first acquired all the bayfront properties, and reclaimed 40 acres of new land, mainly to create a new beach. The land was then divided into eight sites, some of which UDC retained for its own development, others it left to be taken up by private developers. The next stage was to carry out "seeding" developments to get the project under way — four blocks of condominium flats, the Turtle Beach Towers, a shopping complex, club and motel, and two hotels, the Hyatt Regency and the Intercontinental. A UDC subsidiary will keep ownership of the hotels, although they will be under independent management.

It has also been up to the UDC to cater for the housing needs of such a new centre of population, created where little more than a village existed before. Land has been set aside to attract local developers to build within an overall framework, although they will be given more or less individual leeway depending on the prominence of the site.

Ocho Rios was chosen because it was the worst of five small towns dotted along the same short stretch of coast—the worst for housing, and without any beach as a tourist attraction. "We will carry 1,000 rooms around the beach we have created," says UDC chairman Mr. Moses Matalon. "That means 1,000 jobs are directly created, and another 1,000 indirectly: a livelihood for 10,000 people, all based on export earnings. That provides the wealth for the schools and infrastructure for five towns. I am encouraging the rural drift to Ocho Rios rather than Kingston."

How successful the Ocho Rios development will be remains to be seen. "We can't wait to find out if things are all right," Mr. Matalon says disarmingly. "We can't afford the time. The problems are enormous, but we believe they are solvable." The Intercontinental should have opened already, and will certainly do so in time for the winter season. The Hyatt hotel will be open in the New Year.

Mr. Matalon, a member of one of the most powerful and influential families in Jamaica, provides much of the inspiration for the UDC. He was recruited by the former government from the private sector, where he had shown his flair as a developer by putting together a substantial area of land just where the Government hoped to build the new port of Kingston. In his own words, the Government decided that in future they wanted such skills on their own side. The sort of technique he has brought to the operation is land swap, where UDC has developed separate areas of land simply in order to swap them for property in the area they need.

Without those sort of skills the Kingston waterfront operation might never have got under way. First the UDC had to acquire the land from a fantastic army of warehouse-owners, small businessmen and traders in the downtown area. They had been effectively left behind when the port moved away to more modern facilities at Newport West, and business and commerce moved up the hill towards the better accommodation and easier traffic of New Kingston. The UDC reclaimed land at Newport East, offered it to the property-owners on generous terms, and completed the entire operation of buying up the waterfront in just one year.

The next task was to build new access roads due north at either end of the proposed development, and to put in new east-west streets. Only then could the corporation go out to private developers to bring in the private finance necessary to get the plans into effect. By now Phase One of Kingston Mall, the biggest part of the development, undertaken by Town and Commercial Properties, is nearing completion, with an office block filled with Government departments, a block of flats, multi-storey parking and substantial shopping facilities.

At the other end of the site the Bank of Jamaica is half moved into a new headquarters, which will also house the Stock Exchange, the Scotia Bank Centre has been built by Pan Jamaican Investment Trust, and a 390-room convention-sized hotel has been built by a UDC subsidiary to be managed by Intercontinental, as in Ocho Rios. Throughout the standard of architecture is high, but the timing of completion is likely to cause some problems over filling all the extra space, with Kingston's other major new office centre, New Kingston, situated at the other end of the city, halfway up the hillside. It shows that the whole development was sited according to the area most needing redevelopment, rather than on any more strictly theoretical planning grounds.

But one hoped-for source of shopping and business in the development is the new housing areas west of the city. That is where the UDC is planning what is possibly its most dramatic project yet—the creation of a series of new towns, British-style, in the Hellshire Hills.

The land is now linked to the capital by the Hunts Bay causeway, it has been reclaimed by flood control on the Rio Cobre, and it is totally unsuitable for agriculture, the UDC planners say. Now they are advertising for private investors to take individual plots of land in the development. To do so they have to overcome a traditional Jamaican prejudice against any form of leasehold tenure. They are obviously confident of doing so. Originally the area—some 27,000 acres, was planned to take three separate settlements, with a total population of 300,000. Now Mr. Matalon says: "I am looking within ten years to have an urban structure with five points, each suitable for expansion to 120,000 to 150,000 people."

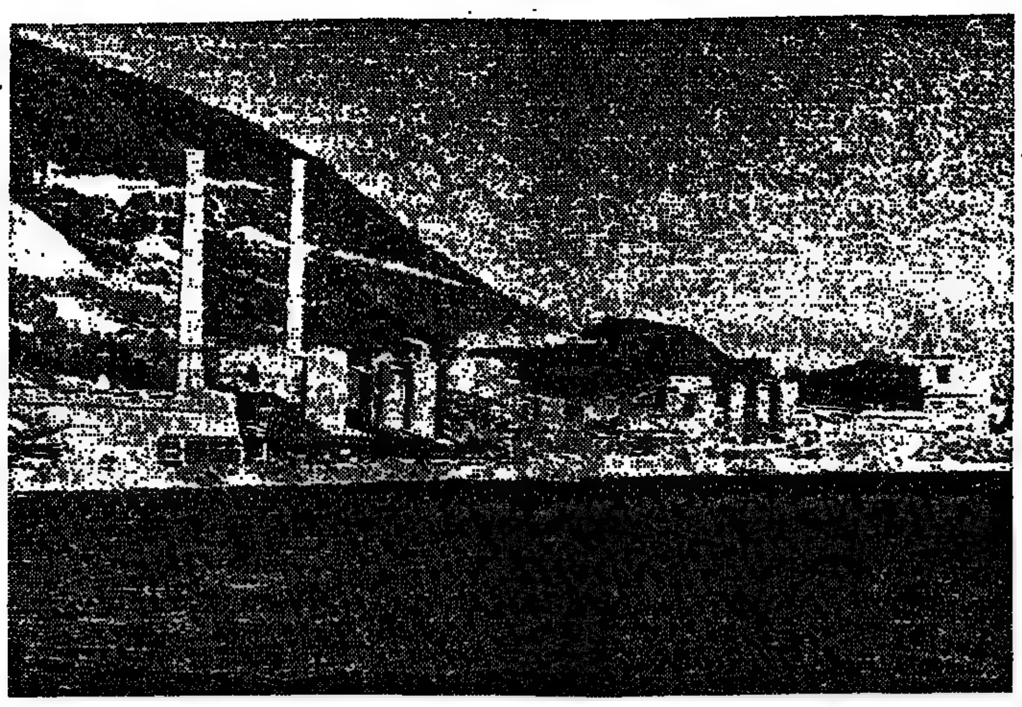
Desperate

So far, the UDC cannot afford to look over its shoulder, but is rather frenetically planning ahead all the time in a desperate attempt not only to keep up with the country's problems, but to catch up with them.

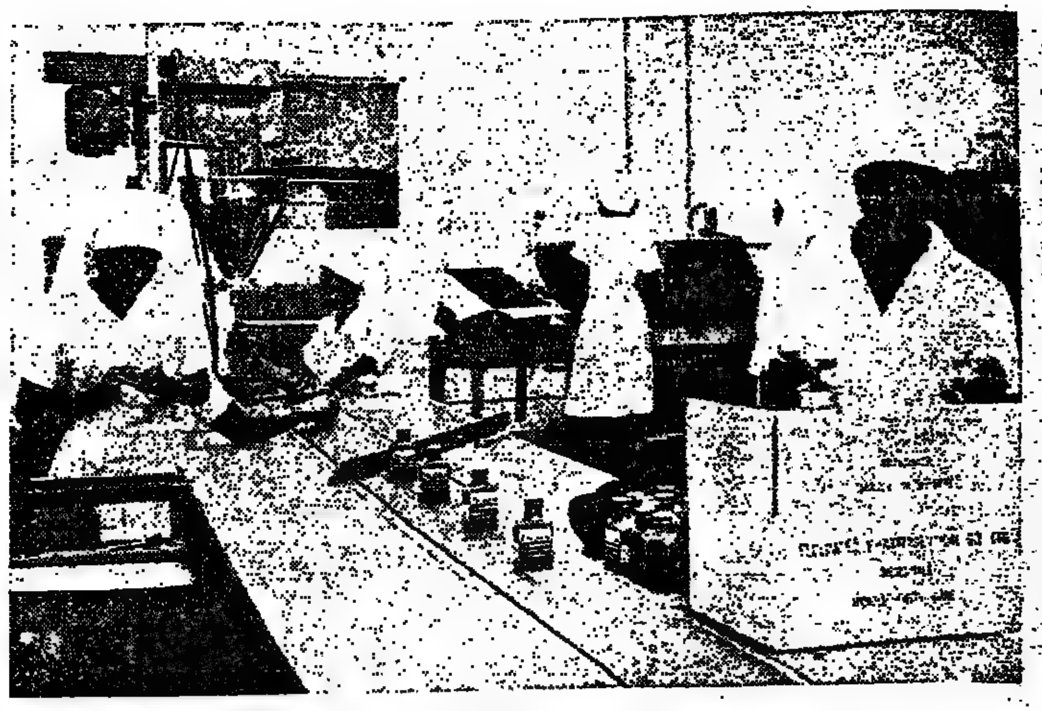
Next area on the list for development is May Pen, where the sugar factory has closed down, and there is severe retrenchment in the citrus packing industry. The town certainly has potential, with a much larger agricultural hinterland to draw on than other communities, at the same time as being within easy reach of Kingston. At the same time Negril is the tourist project with the most potential for expansion, and there the corporation has drawn up a 20-year development programme. The only difficulty is getting the private operators interested in the present economic climate.

"I don't think any one of our projects have languished for lack of money," UDC general manager Mrs. Gloria Knight says. "It is five-year money that I have to refinance, but I can still find that money. But if we have survived this far I think we are past the worst."

Q. P.



Cement works just east of Kingston.



Bottling and packaging at Federated Pharmaceuticals.

Manufacturing growth slows

THE GROWTH of the Jamaican manufacturing sector over the past 18 months has been slowed by a tight money situation. There has been a significant reduction in the number of new enterprises and those in operation have had to contend with increased operating costs and the need to improve efficiency to fight inflation.

The sector has been offered credit facilities through the Jamaica Development Bank and the Bank of Jamaica in an attempt to stimulate production, particularly for exports, to bolster waning foreign exchange income.

Relations between the manufacturing sector and the Government have been far from amicable over the past year. Heated debate followed the Government's statement of its intention to pursue the path to democratic socialism, bringing from the private sector strong arguments about the validity and the need for the sector, and a defence of the free enterprise system. The arguments were also triggered by the growth of the public sector into areas of operation traditionally regarded as the sacred domain of the private sector.

The long and inconclusive arguments continue, although in a less hysterical fashion. Against the statements of the need for and the contribution of the private sector, is the Government's commitment to control what it regards as "the commanding heights" of the Jamaican economy.

There now appears to be general acceptance by the manufacturing sector of the Government's assurances that it does not intend to destroy the sector, but is rather aiming at the establishment of a mixed economy within the Socialist framework, and which would allow the public sector to be in charge of those larger areas of operation which should not be based on private profit at the expense of the Jamaican people.

The manufacturing sector has also been loud in expressing its concern at Government programmes, in particular the move over to foreign exchange budgeting with the imposing of a licensing system on imports, and a monetary limit on the import of raw materials and capital goods.

Both the private and public manufacturing sectors have been caught in the dilemma of having on the one hand to contend with limits on raw material and capital goods, and on the other with the need to expand production for import substitution and for export to bring in foreign exchange. The private sector has not been hesitant to point to what it sees as the inconsistencies in this situation.

The manufacturing sector generally has been characterised by a high level of wastage of factory floor space and time. While there are calls for increased production for export, and for more use of factory equipment to aid the unemployment problem, most factories still operate single eight-hour shifts each day.

This reluctance to operate second shifts, to utilise factory time and space and to increase the level of employment in the sector recently caused Industry Minister P. J. Patterson to tell manufacturers that in considering the merits of applications for licences to import capital goods first preference would be given to those who were performing on the export market, rather than to those who were not performing.

Government's attitude towards the manufacturing sector to-day represents a significant change from the policy followed since 1960. Gone is the haste to establish screw-driver operations based on imported materials, using relatively cheap Jamaican labour in what were essentially capital-intensive operations.

The Jamaica Industrial Development Corporation and the Industry Ministry are now paying less attention to initiating these capital-intensive factory floor operations, and which too often because of the size of the operation are so inefficient that production costs send the price of the finished product far above that on similar imported finished imports.

Available

The accent now is on agro-industry and small labour-intensive business operations. The factor which has been considered in the change of emphasis is that the raw materials are either already available or can easily be made available as Jamaica is an agricultural economy above all else.

It is also felt that these agro-industrial operations will be more labour-intensive, and that there will be no shortage of the market for the material produced.

Besides the larger operations based on sugar, alumina and cement, the spectrum of Jamaica's manufacturing sector spans a wide range of food and beverages, textiles, chemicals and rubber products such as tyres, petroleum products—in fact a pattern very similar to that of other developing countries seeking to establish a manufacturing sector.

C. J.

Fall-off in cash crop earnings

THE CONTRIBUTION of agricultural exports to the Jamaican economy this year has been much more significant than in 1974, but it is quite likely that market conditions, such as the world sugar price which is a factor in price negotiations, will make 1976 less rewarding for Jamaican agriculture.

For the two major export commodities, sugar and bananas, there have been reductions in volume, but higher prices are compensating handsomely.

One significant development in the mild success story which is being told of Jamaican sugar this year has been the Government's programme at diversifying the sugar market, and cashing in on buyers who are willing to pay prices below the recent record highs.

There has been little change in the volume of production. While the crop last year yielded 372,000 tonnes, efforts to obtain 400,000 tonnes this year were aborted by industrial disputes and poor weather, and the 1975 crop closed at 360,000 tonnes.

Britain remains Jamaica's major sugar market, although the contract for supplies has been signed not with the U.K. but with the European Economic Community. Under the old Commonwealth Sugar Agreement Jamaica committed all of its export sugar—usually between 230,000 and 260,000 tonnes—to the U.K. at the agreed price of £61 a tonne. Other smaller quantities, when available, ended up in the U.S.

An opportunity for higher prices presented itself in negotiations with the EEC following Britain's joining the Community, and the expiry of the CSA, which ended earlier this year in the signing of the Lome Convention between the 46 African, Caribbean and Pacific countries and the EEC.

Pressures

There were also the domestic pressures for more from sugar —pressures which early last year led to Prime Minister Manley visiting then Prime Minister Heath in London, and initiating a series of Ministerial talks which resulted in the CSA price to Caribbean countries being increased to £83 a tonne. This, however, did not eliminate the problems of breaking even with rapidly increasing production costs.

The agreement with the EEC now gives Jamaica an annual quota of 120,000 tonnes at £260 a tonne. On this basis sugar exports to the U.K. alone should earn close to the J$74m. which the island got from total exports of 269,000 tonnes last year.

A radical development in the marketing of Jamaican sugar, for years oriented to the U.K. alone, came at the end of last year with the controversial agreement between the governments of Jamaica and Iran. The contract requires Jamaica to supply 350,000 tonnes over seven years.

The first 50,000 tonnes have already been shipped to Iran, bringing income totalling J$29.3m. The price for the other six years is to be based on a formula which uses the EEC price to the ACP as a base, and to which is added a premium which is 50 per cent. of the difference between the EEC price and the average world price.

The Iranian market was discovered by two U.S. companies, Joseph Kell Enterprises Inc. and McAdam Property Inc., who were acting as middlemen, and had planned to purchase sugar from Jamaica at $US330 per tonne, and sell to the Middle East country at a profit of $US700.

The Jamaican Government entered direct negotiations with the Iranians, arranged a contract which eliminated the two companies, but had to pay the companies $J13.5m. as settlement.

The cost of the settlement caused controversy inside and outside Parliament, with the Opposition questioning the size and methods of payment. Opposition leader Seaga called for the details of the transaction to be investigated.

Problems

Although the heated arguments have now ended, the Iranian deal has not been without small problems. Tate and Lyle are to be recipients of about 7,000 tonnes destined for Iran, but which had a polarisation of between 94 and 95 per cent., while the Iranian contract specifically rejects sugar with a polarisation below 96 per cent.

Since the U.S. Sugar Act expired at the end of last year, the Jamaican Government has earmarked 90,000 tonnes for the U.S. market at prevailing world prices, which is 4,000 tonnes less than total shipments last year. As part of the strategem for diversifying markets, the aim is to maintain a presence on the U.S. market, as in previous years shipments to the U.S. were overtaken by the need to fulfil the CSA quota.

Another new market has been found in the Peoples' Republic of China, to which 10,000 tonnes are being shipped. Jamaica's other export commitments include supplying sugar-deficit CARICOM countries, and this year 2,000 tonnes are being sent to Dominica and Antigua.

To help in the development of the industry, the Government has imposed a $100 per tonne levy on all sugar exported, with the receipts being credited to a price stabilisation fund for rehabilitation.

The relatively bright picture for sugar in 1975 is likely to fade next year. The high world market price, which was a strong factor in negotiations with the EEC and with Iran, will not be to Jamaica's favour when prices are being renegotiated.

Bananas, the other major export crop, is marketed in the U.K. in the same quantities as before the Lome Convention was signed.

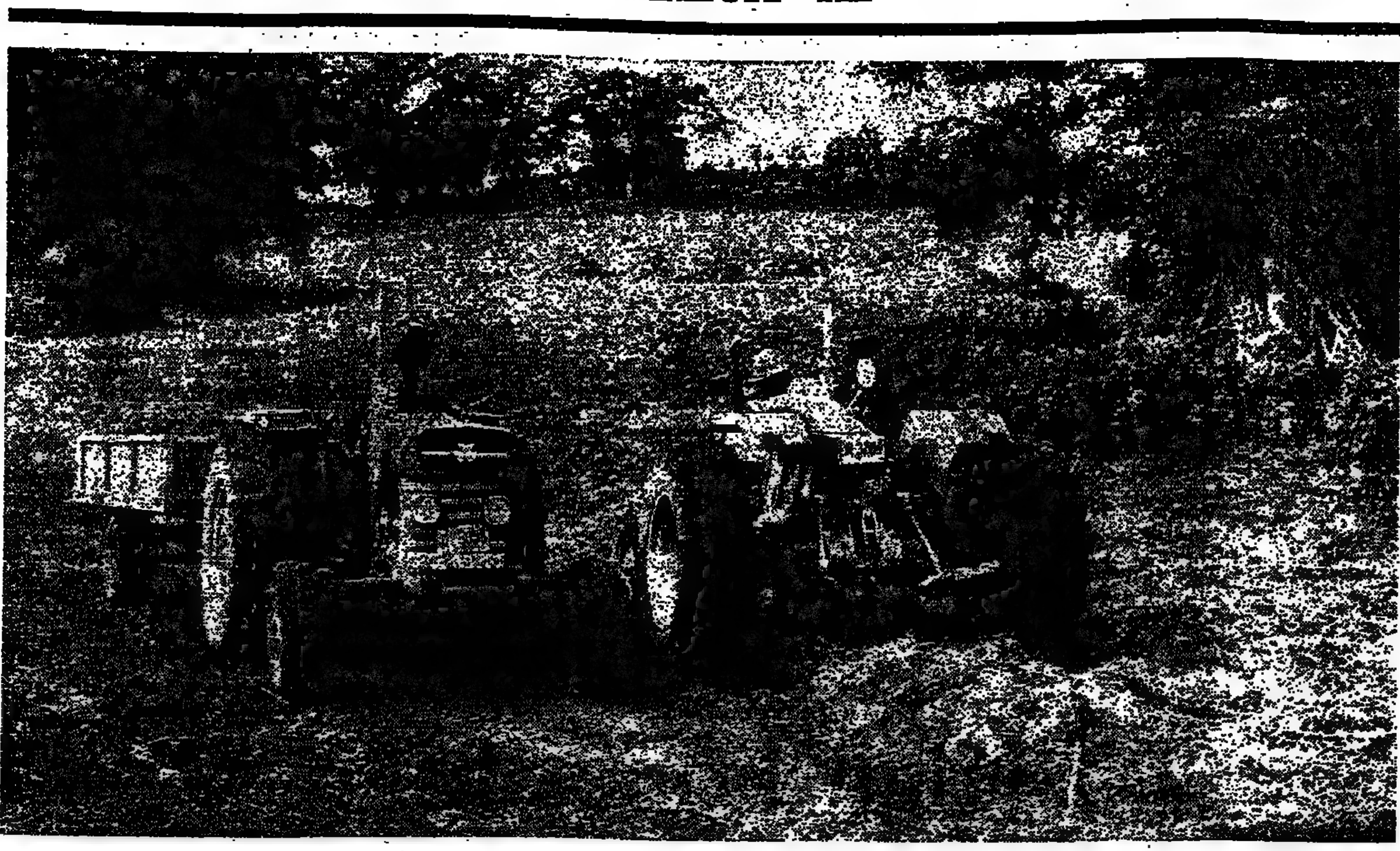
Vulnerable

Exports for this year are running at about 96 per cent. of last year's, but are likely to be about 4,000 tonnes above the 72,000 tonnes exported last year. The crop has been hit by severe drought on the one hand, followed by excessively heavy rains on the other. The problems were complicated by high winds, to which banana plants are vulnerable.

Despite the reduction in volume revenue from bananas this year should be above the J$11.4m. received last year, although in common with all other exports to the U.K. income has been affected by the decline of the pound against the U.S. dollar which Jamaica uses as its intervention currency.

Although sugar and bananas dominate the export agricultural sector, coffee, cocoa, citrus and pimento are likely to contribute about J$15m. this year.

C. J.



Tractors on a food farm project at Shettlewood, a few miles inland of Montego Bay.

Plans to revitalise agriculture

SPRING GROUND is the hopeful-sounding name for some 160 acres of new farm land well hidden from the beaten rack in an inaccessible part of Jamaica's southern coast. Two years ago the land was un-ouched, covered with dense scrub, and effectively aban-loned. To-day it is cleared, rrigated from a well dug urther up the hillside, and livided up between more than a score of local farmers. They each have a handful of carefully narked-out fields, growing a ast variety of vegetables—nions, tomatoes, potatoes, as vell as cassava and root crops ke yams.

The farm is a classic example f what Jamaica is trying to o with its slumbering agri-ulture—galvanise it into in-reasing production against the nexorable trend of the past ecade, and so help to cut back he large and growing food im-ort bills the country faces. At he same time it is trying to raft that revolution on to the xisting parallel systems of easant farming and plantation rops.

The story of the past years a dismal one, with the entire ector practically ignored by uccessive Governments in vour of the drive to indus-ialise. In doing so the poli-cians and civil servants were nly reflecting what is supposed be an inbuilt Jamaican anti-athy to working on the land, eminiscent as it is of slavery nd the plantations. But since 973 there has been a very oticeable change in emphasis. uddenly it is agriculture which ust be revitalised to lead the onomy out of its seesaw exist-nce living at the whim of inter-ational trade, and manufactur-g must take a back seat.

Theory

That at least is the theory. stems principally from a reen Paper tabled before the ouse of Representatives in ovember, 1973, which laid out whole range of more or less odest objectives, ranging from reduction in the acreage of le land, and developing an propriate land reform pro-amme, to improving training cilities and research input. In pically Jamaican fashion that een Paper has never formally ogressed to any higher status, t its thinking has had a pro-und influence on the whole rection of the sector.

The problem is that agricul-re, while employing about one-arter of Jamaica's working pulation, contributes barely 8 r cent. to gross domestic pro-ct, a contribution which has en steadily declining in com-rison with the output of both ning and manufacturing. At e same time the world energy sis coincided with a huge np in world food prices, ching the country totally prepared, for its food import l had seemed unimportant as g as world prices were low. r example, Jamaica was porting 400m. quarts of milk year, and its butter and eese was coming all the way m New Zealand, although ich of its own farm land uld be ideal for dairy lustry.

While domestic agriculture d failed to satisfy local nand, the traditional export ps have also been pro-essively cut back, largely cause of the vagaries of their rld markets. Banana exports have slumped incredibly: from 175,000 tons unloaded in Britain in 1966 to just 71,000 tons loaded at Jamaican ports in 1974 — the lowest tonnage since the war. The reason was apparently too low a return to the grower, coupled with low wages and industrial troubles. In sugar Jamaica has now on several occasions failed to meet agreed quotas in both the U.S. and British markets.

Apart from Jamaicans' traditional reluctance to work on the land, the poor performance of agriculture is also due to in-efficient use of what is on the whole excellent land: partly be-cause it is fragmented into too many smallholdings, partly because too much potentially fertile land is left uncultivated by larger landowners, to whom it is marginal. Inevitably the best land on the island has been reserved for the estate-farmed export crops, leaving the hill slopes to the peasant farmers supplying the domestic market. At the same time there has been the inevitable problem of both unemployment and under-employment on the land, causing the country's overwhelming urban drift.

"We have a lot of idle lands and idle hands: we thought we could marry the two of them:" so, with a slogan, Project Land Lease was born. Quite delibera-tely its planners decided that it was impossible to tackle the problem of too many smallhold-ings. Instead every efficient peasant farmer would be en-couraged to take on more land, wrested from the "idle" pool by the Government, cleared and prepared for crops, and leased along with advice and expertise on what to sow there.

That is what the Project Land Lease team is trying to do at Spring Ground. Farmers who previously had only six or seven precarious acres in the hills can—if they prove their "efficiency" and experience—take on additional small plots of cleared land within two miles of their homes, and so provide more work for labourers and a better living for their families, while simply taking up unused land.

The formula is beautifully simple. Performance so far appears impressive under the original scheme: 10,000 farmers were found new plots of land in ten months. To date more than 14,000 have been placed: some 20,000 acres have been planted. For those who fail to exploit their land, there is a fairly ruthless system of expul-sion, and the plots are turned over to another man or a more successful neighbour.

Commission

There does not seem to be any slackening so far in the supply of "idle lands." They are provided by a commission empowered to inspect any property larger than 100 acres. If the commission decides any of the property is either un-utilised or underutilised it can compel the owner to lease it to the Government, with a com-bination of legal compulsion and penal tax disincentives. What makes the system somewhat unstable is that at present the regular lease period is for just five years, with the threat therefore hanging over the new cultivator of having to hand back his land. But although leasehold is an unfamiliar form of tenure in Jamaica, there has been no shortage of recruits for the Land Lease system.

The next move is to tackle the structural problems of Jamaican agriculture, rather than merely bring odd plots of land into production. Under Phase Two the land will be par-celled into larger units, and leased out to farmers so that they have a total "economic unit," including their own land —anything from five to 15 acres, depending on the fertility. There is no strict dictation over what sort of crops he can grow on the land, either.

A thousand farmers have already been found land under Phase Two. Phase Three will be the most radical move of all, although still in its infancy. It will provide men who do not own any land with an entire economic unit, on estates actu-ally bought up by the Govern-ment.

There is a real enthusiasm among all the officials linked with the project, which is a sign of genuine progress. Already domestic production figures of some crops are rising. Imports of the necessarily called Irish potato have been cut to nothing, so have peanuts. Rice imports have been reduced. But the Phase One operation is in-evitably a short-term one. The average age of farmers involved is currently 47—a reduction from the original average of 50. Only under Phase Three are younger men being attracted back on to the land—and up to September only 34 had been placed.

The other drawback is in marketing, where an efficient system has yet to be worked out. The land lease farmers are supposed to sell a certain proportion of their crop to the Agricultural Marketing Com-mission at a minimum price, to help pay off their debt to the Government. Inevitably if the local "higgler" — usually a farmer's wife supplementing the family income as a market trader—offers more, there may be no proportion of the crop left to sell to the AMC. Now the Government body is being forced to offer more competitive prices.

Reform

Beside the growing success of land lease, the performance of the Government's food farms is less vaunted. The State owns some 50,000 acres which are supposed to be formed into big units growing crops, again for the domestic market, including peanuts, plantain, pumpkin, red peas, sweet potato, cabbage and cowpeas. By the end of 1974 only 3,000 acres were under cultivation. But the programme is aimed as much at soaking up rural unemployment as at boost-ing production, and also at another type of reform: to hand back the farms eventually to workers' co-operatives.

That is the system also being introduced on the sugar estates and it is likely to bring about the most radical changes so far. But it is too early to judge its merits in terms of production and investment, although the sugar industry experts insist that the latest harvest has had a particularly low wastage. Critics inevitably suggest that the workers' propensity to con-sume will outweigh their worthier instincts to invest.

The other major development area, apart from land reform, is in researching which crops to expand. Jamaican export organisations overseas are gen-erally begging for more of almost every export crop the country produces, because there is definitely a market to be exploited. Citrus growers have been very slow to develop the uniquely Jamaican ortanique (cross between an orange and a tangerine) in spite of the recognised success of that other cross, the ugly fruit. There is an expanding market for all forms of tropical fruit the country can produce, guavas, mangoes, soursop, avocadoes. In the past they have never been grown commercially in large orchards. Another significant growth area is likely to be spices, especially pimento, which is almost indigenous to the island.

In spite of all the best inten-tions, two bad years of drought have created havoc with pro-duction plans in 1974 and 1975. That unpredictable factor makes it impossible to judge just how well the new agricultural drive is succeeding. Certainly it has a long way to go, needing all the help available, whether from the World Bank, the Inter-American Development Bank, or Cuba, to improve the basic infrastructure, particularly the irrigation and soil conservation by terracing the slopes. But at last the right noises are being made. Now the real problem is putting them into practice.

Q. P.

Feeding sugar cane into the Innswood factory.

Live local culture

ON ONE HOT August night in Kingston this year there were six theatrical productions in town. At the uptown Little Theatre, the Jamaica National Dance Theatre Company was giving a performance of its 1975 Season of Dance. Down the road at the intimate Barn Theatre, Trevor Rhone's "School's Out" was playing. A comedy about life in a Kingston boys' school, it acts as a sweaty springboard for satire on the *anachronisms* of the Jamaican society. Nearby at the Pegasus Hotel's Way-Out Theatre, three actresses and an actor presented a slick little revue entitled "The Man in the Moon is a Ms."

Downtown, in the 62 year-old Ward Theatre, there was a performance of "Dream on Monkey Mountain," the psychological drama by St. Lucian Deryck Walcott about the colonial Caribbean existence. Neil Simon's "Last of the Red Hot Lovers" was being watched by an appreciative audience consisting mainly of middle-aged businessmen who were going on to dinner at the Sheraton. At the Creative Arts Centre on the campus of the University of the West Indies the UWI Drama Society was presenting "The Black Jacobins" by C. L. R. James to a far more serious audience.

Vitality

The activity in the Jamaican theatres this summer was just one indication of the vitality which has infused the whole Jamaican cultural scene. Inspired largely by a much more assertive nationalism and by the dynamism which at times captures the impatient populations of the Third World, this process in Jamaica is being further enriched by the strong vibes thrown up by the "grassroots" now coming into their own as the base, the authentic source, the roots of the whole society.

For example, the reggae culture—an important part of the whole scene—comes directly from the urban street experience. Born of the hot pavements and the tenement yards, fed with the life-blood of the "sufferers," it has produced a strange yet poignant music that is capable of transmitting the loves, life stories and comedy of the people's dandies, politicians, cultists, religious revivalists and romantics ("I want you and my sweetheart to be friends . . ." sings a husband to his wife in a current hit song).

Reggae has by now proved itself to be more than just temporary top-of-the-charts material. It has taken its place as a permanent fixture in the Jamaican life, feeding on the events of the day and in its turn producing material for other kinds of creative expression. In this area, Bob Marley and the Wailers (referred to as the "messengers" of the Rastafarians), Toots Hibbert, one of the first reggae artistes, and Jimmy Cliff have produced music and songs which are now recognised classics in the pop culture in Jamaica and abroad.

Interestingly enough, the first real impetus given to home-grown pop music came from Edward Seaga, then Minister of Finance and Planning, when the Jamaica Labour Party was in power during the 1960s. Seaga, who is to-day the Leader of the more-Right-than-Left Opposition Party, first became interested in research into folk culture as an undergraduate at Harvard. His shrewd appreciation of authentic Jamaican material was reflected later in his career in his emphasis on a Government programme for cultural development.

Prime Minister Manley has been able to accomplish more in this area in a shorter period of time, because as Leader of the Government he has a personal affinity for the arts and because of the favourable climate at this time. Born in a family which has been associated with the arts for many years (his mother Edna Manley is regarded as Jamaica's foremost sculptress), he has brought his understanding of culture and the arts into the Government's official policies in a serious way. His cultural policies have been aimed at expanding the grassroots base of participation and at promoting cultural growth as an integrated process in which all Jamaicans should participate.

When the Government took over in 1972, Manley immediately appointed an Exploratory Committee for the Arts, headed by multi-talented Rex Nettleford. The report of this Committee brought a new concept to cultural development in Jamaica. It covered a wide range of specialisations, and in essence, advocated that cultural development should not depend solely on Government efforts, but needed a total awareness by the people, as well as the creation of a suitable environment to encourage participation, preservation of the folk heritage and future spontaneous growth.

Centre

An important part of the Government's programme has been the materialisation of construction on the long-awaited Cultural Training Centre in which the existing Schools of Art, Drama, Music and Dance will be located. The Centre, initially planned by Seaga but begun by the present administration, will be partially completed by July of next year in order to provide some facilities for CARIFESTA—the Caribbean Festival of Arts (July 17 to August 2). This event is being organised by the Jamaican Government on a tight budget. But it is attracting a great deal of attention from Third World countries, probably because of the vacuum left by the postponement of the Black Arts Festival.

In the fine arts, Jamaica has been experiencing a boom. The appearance of several small private galleries and the now traditional Sunday morning rum-punch exhibition openings have assisted in exposing the works of less well-known artists. An exhibition of sculpture, "Ten Jamaican Sculptors," at the Commonwealth Institute in London this September was an example of the recent renaissance in the plastic arts. The exhibition consisted of 77 pieces, weighing a total of 7,000 lbs, and varied greatly in subject, mood and form.

One of the infineneces on the young Jamaican artists to-day (and this group includes a growing number of untrained persons) is the input of the Rastafarian cult. Previously regarded as a small, eccentric group, the Rastas have gained a large following in recent years and have provided inspiration for many creative people who would not have otherwise attempted to express themselves.

The Rastas' sense of identity and customs have crept into the everyday life of Jamaica. The Rasta language is now part of the Jamaican colloquial speech. Their strong feeling for colour and symbolism has attracted young artists and musicians to celebrate the Rasta philosophy in their works.

But this is only one part of the varied Jamaican cultural fabric. Perhaps the incredibly diverse textures can best be seen in the Jamaican dance—one of the most popular cultural forms to come out of this explosion. There are dance groups which specialise in African movement, in classical ballet, in the authentic folk form such as kumina, and in modern dance. There are some groups, notably the National Dance Theatre Company, that have attempted to present all the influences in an integrated and professional manner.

The result has been the evolution of a Jamaica style, owing its creation to the fusion of cultural influences, to the virile and sometimes aggressive feelings of self now prevalent in the society, and to the experience of a young country discovering itself in the confusing world of to-day. The Jamaican culture is a growing thing. It is unfolding around the people who have provided its root, and who, in their search for self identity and nationhood, are unwittingly participating in a strange and fascinating process.

Heather Hope Royes

Reggae performer Bob Marley.

High hopes for new port

TRANSPORT Minister Eric Bell exudes confidence when speaking about the prospects of Kingston's new $J28m. trans-shipment port. He has described the development of the port as being one of the most rational efforts ever made to exploit the island's natural resources—the resource on this occasion being Jamaica's central position in the Caribbean Basin.

The apparent logic of the trans-shipment port's location has prompted Mr. Bell to be extremely optimistic about the financial success of the undertaking, which is conceived as the major trans-shipment point for containerised cargo moving between North America and Europe on the one hand, and the Southern and Western Caribbean, the Pacific Coast of North and South America and the Far East on the other.

Since the trans-shipment port started operations in June of this year it has attracted two large and lucrative clients. In mid-August Sealand Services moved its regional centre from Puerto Rico to Kingston's new port, because of competition from the new Puerto Rican Steamship Company. Sealand's operations are based on the movement of containerised cargo to and from Haiti, Curacao and Trinidad, in addition to cargo destined for and originating in Kingston. The line's network extends to Elizabeth, New Jersey and Jacksonville, Florida, in the U.S.

Network

The second major client is the Zim Israel Navigation Company, which is to make the Kingston port part of its extensive network as from January. With an estimated 7,000 containers and 20,000 container moves in 1976, Zim Israel's use of the port will be more intensive than Sealand's, and will use Kingston to link the South East of the U.S. and Caribbean ports to Europe and the Middle East on the one hand, and the Far *East on the other.*

Although the income which the port could earn from these two lines in 1976 has not been made public, the agreement with the Israeli line led Minister Bell to suggest that the trans-shipment port could become totally viable next year.

Negotiations are taking place with other potential clients and it is expected that within a few months activity on the port will become more intense. This expectation is based on the feeling that there is little reason why any line carrying containerised cargo in the Caribbean will not find it to its advantage to use the facilities which the port offers.

It is known that Cuba is interested in using the trans-shipment port, and already discussions have taken place at the Ministerial and technical levels, both in Kingston and Havana. Cuba is being viewed as a potentially valuable client because of the volume of business it could provide. The island has a chronic port congestion problem, and ships destined for Cuba are tied up for long periods in East European ports because of the shortage of port facilities in that island.

Cuba's use of the port is likely to be yet another aspect of the growing economic and technical links between both islands.

Recent developments in shipping in the Caribbean Basin have given support to the Minister's confidence in the success of the operation.

Extensive

The West Indies Shipping Corporation (WISCO), which serves the CARICOM-member countries, is engaged in an extensive development programme which includes the purchase of containerised cargo vessels. Containerised freight from Barbados, Guyana and Trinidad and Tobago, destined for outside the Caribbean is likely to be trans-shipped at the Kingston port.

The trans-shipment port is also likely to find a valuable source of business in the proposed $100m. Caribbean Basin shipping enterprise, Empresa Maritima Multinacional del Caribe (NAMUCAR) which is scheduled to start operations early next year.

Tentative decisions have already been taken on the routes which the new line will service and at least four of these will pass through Jamaica. Jamaica is one of the eight founding members of the enterprise, and in an attempt to focus the line's operations on the island, will be either the headquarters or the subsidiary Antillean headquarters of NAMUCAR.

The island's national shipping line, Jamaica Merchant Marine, is to start operations within a few weeks, but it will be some time before it will be using the trans-shipment port's facilities.

The line will be aiming at the transport of bulk cargo, mainly bauxite, to the U.S., and at the import of grain to Jamaica. It is not inconceivable, however, that if the JMM is successful, expansion plans would include transport of containerised cargo.

The trans-shipment port is being complemented by a free zone complex on a neighbouring 108-acre site. This is planned to be what Mr. Bell describes as "the second major wholesale distribution centre in the hemisphere," following the free zone in Colon, Panama.

C. J.

ECONOMIC VIEWPOINT

BY SAMUEL BRITTAN

A lack of incentive to cut costs

IF THERE is one thing that can safely be said about majority or fashionable opinion it is that it is out of date and that its proponents are fighting the battles of the last war. Now that the need to cut back public spending has become the conventional wisdom in "moderate" Labour as well as Conservative circles, my main worry is that the wrong kind of expenditure will be cut back in the wrong way at the wrong time; and that Governments will concentrate on making the figures look better rather than in tackling what has really gone wrong.

The virtue of the evidence given to the Public Expenditure Committee by Mr. Wynne Godley, a former Treasury forecaster and public expenditure expert who is still a consultant to that Department, is that it gives a clue to what has got out of control. His technique was to compare what happened with what should have happened according to Government policy statements, and this alone was sufficient to create a well-deserved sensation.

Deficit

If public expenditure, measured in actual rather than in "funny money," had grown at the same rate as the GDP, it would have risen by £16½bn. in the four years from 1970-71 to 1974-75. Instead, it rose by £22bn., an excess of £5½bn. To put it another way, two-thirds of the total increase of £33bn. *in the money national product* went to the public sector. This would have meant an actual fall in privately financed spending were it not for the large overseas deficit and the recent rundown of stocks.

A remarkably similar figure of "excess" public spending arose out of a different calculation of Mr. Godley's. This was a comparison of the increases in public spending announced by all Chancellors from Lord Barber in November 1971, to Mr. Denis Healey in January 1975, allowing for the fall in the value of money, with what actually happened. The average planned rate of increase of public spending over the four year period was 3 per cent. per annum in real terms, while the average actual increase was 6 per cent. By 1974-75, this excess over original plans was worth nearly £5bn. in current money.

PUBLIC EXPENDITURE

BY SERVICE[1]

	Total 1974/75 £bn.	Increase from 1970/71 £bn.	Increase from 1970/71 %
Social security	7.0	3.2	84
Education, etc.	5.9	2.9	98
Housing	4.1	2.8	231
Health, etc.	4.7	2.3	98
Defence	4.2	1.7	70
Debt interest	3.9	1.5	81
Trade and industry	2.6	1.4	114
Nationalised industries	2.9	1.2	72
Roads and transport	2.1	1.0	68
Environmental services	2.0	0.9	76
Other	5.4	3.3	157
TOTAL	44.8	22.2	98

[1] Source: National Income and Expenditure (Treasury Analysis, pp 131-3)

BY ECONOMIC CATEGORY[2]

	Total 1974 £bn.	Increase from 1970 £bn.	Increase from 1970 %
Current spending	16.6	7.5	83
Fixed capital formation	6.9	2.8	68
Subsidies	2.9	2.0	227
Current grants to persons	7.8	3.5	81
Lending to private sector	1.1	1.0	*
Other	2.6	1.8	—
TOTAL (excluding debt interest)	37.9	18.1	92

*Negligible in 1970

[2] Source: National Income and Expenditure, Table 58

CHANGE 1970/71-1974/75 AT CONSTANT PRICES[3]

	%
Announced by new Conservative Government in 1971[4]	12.3
Announced policy changes up to January, 1975[5]	3.2
Total planned increase	15.8
Actual increase	28.6
Difference between actual and planned	11.05
Equivalent at 1974/75 prices (£bn.)	4.87

[3] Source: Dept. of Applied Economics, Cambridge (money figures corrected by GDP deflator)

[4] Cmnd. 4829, Nov. 1971

[5] Summarised in Third Report of Expenditure Committee, 1974/5, Vol. 2, p.31

Effect

The combination of planned and unplanned increases in public spending, and the slow growth of national output, has had an inevitable effect. According to an Answer given to the Commons by Mr. Joel Barnett, public expenditure rose from 45.3 per cent. of the GDP in 1965 to 50.7 per cent. in 1970 and 57.7 per cent. in 1974. There was a temporary plateau covering both the period of Mr. Roy Jenkins and the early years of Lord Barber; but the present acceleration started in 1973 well before the change of government.

In view of the very slow growth of output in the last few years, one might have expected an actual fall in the real value of private spending *after allowing for inflation.* Between 1970 and 1974 the real national product rose by only 10 or 11 per cent.; and the more realistic estimate of "national disposable income," which takes into account the terms of trade, crawled up by a mere 5 per cent. The simple arithmetic would suggest a fall in real private spending of nearly 10 per cent. But no such fall can be discerned from the National Income and Expenditure *Blue Book*. Real consumer spending rose by about 13½ per cent. over the four years; and not all of this was publicly financed from Social Security payments. It is only in 1975 that personal spending has really begun to slip.

Up to 1974 the increase in public spending was largely financed by overseas borrowing as part of the Heath-Healey policy of keeping up home demand to gain union goodwill. Since the turn of the year, the payments position — although still worse than that of most other industrial countries—has improved and public spending has been financed by a record rundown of stocks. This of its nature is bound to be reversed; and as somebody put it "the party is over."

Large sums

But what is it that has to stop? The first two tables show very roughly where the largest public spending increases have been (unlike Mr. Godley's they include investment grants and export and shipbuilding credits). Basically, three things have happened. The public services have taken on more man and woman power, as discussed by my colleague Joe Rogaly yesterday; more has been transferred in social security payments; and large *sums of money* have been paid to keep down the "cost" of food, fuel, fares and housing for which people have paid themselves as taxpayers, or which the Government and banking system have borrowed from abroad.

It is not really possible to say whether the excess £5bn. of public spending was due to changes in the quantity or quality of service not covered by policy announcements, or to a more rapid increase in public sector pay and prices relative to private than anticipated, or estimating errors. All we know is the cash outlay. It is entirely right to allow for the fact that a pound to-day is worth much less than a pound in 1970-1971; but the right way to do so is by deflating for the general fall in the value of money rather than by using special indices of a "funny money" type.

The large increase in public outlays has not been accompanied by any comparable increase in the quality of public services which people think they are receiving. This is not in the least surprising. One of the predictions of the economic theory of property rights is that if people cannot appropriate in cash the value created by their activities they will appropriate it in other forms such as on-the-job comforts, prestige symbols, pretty secretaries, hierarchies of assistants, doing their work in a way which gives them rather than their clients satisfaction, and so on. (Similar problems arise in private enterprise companies because of the high-marginal tax-take, although not quite so acutely.)

Maximise

In the U.S. a special "economic theory of bureaucracy" has been *developed whose principal tenet* is that just as commercial enterprises try to maximise their profits or their sales growth, public officials achieve satisfaction by maximising the rate of growth of their "bureaus." There are all sorts of questions raised by this theory, such as "what exactly is a bureau?"; and refinements are needed. But few people in Britain have even a glimmering of these discussions. When I tried to persuade a British official to consider the motivation of those responsible for public sector spending, he replied that he was not very well up on psycho-analysis.

A prediction of this new political economy would be that if public spending is controlled in "real" or "volume" terms, then efforts will be made to increase cash outlays in such a way that they do not count as a real increase. But I am sceptical about whether straightforward cash ceilings would be of much help in a country which suffers from both a chronically high rate of inflation and a chronic tendency to over-optimism about its getting better. Cash ceilings will probably be exhausted part of the way through the financial year; and Ministers will become, after a while, accustomed to let through additions on the nod as they used to let through Supplementaries. This is in fact where we came in. The "PESC" system of control in real terms was in fact designed to get away from the ineffectiveness of traditional one-year cash ceilings.

There is, however, a way of putting a ceiling on public spending without pretending that inflation is going to stop or going to conform to some piece of official wishful thinking. *This is to fix expenditure* limits in money terms, but to allow spending authorities to overspend by the general rate of inflation and *no more*. Such a procedure would be light years removed from the present "PESC" control, whereby an increase in spending is not counted if it arises from an increase in the cost of the particular service being provided. The existing approach encourages metaphysical distinctions between volume and value, and gives no incentive for the spending department to vary its expenditure in the light of relative pay and price movements—that is to buy in the cheapest market.

Rewards

No reform of procedure will, however, work without incentives. The idea of financial rewards for public servants who can find ways of providing the same services for less outlay or with fewer personnel may seem shocking to British tradition. But virtue is not its own reward.

The egalitarian-snobbish hostility to financial incentives has effects at all levels. Officials, when asked for cuts, will be likely to put transfer payments at the head of the list, purchases of goods and services in the middle, and reductions of personnel at the very end. This, after all, is what their colleagues will find least disruptive; and there are always some highly unpopular cuts to suggest to Ministers who inquire too much.

But there is no need to seek to penetrate the Cabinet room. Is anyone in the public service, however high or humble, likely to gain or lose if he can find a way of halving his staff? If you are in doubt you might try asking the next public librarian, hospital administrator, or price control official whom you happen to meet.

Letters to the Editor

Ownership of equity

From The Chairman, Association of Unit Trust Managers.

Sir,—Sir Bernard Miller's contribution (November 3) to the debate on financing industry is to be welcomed since it draws attention to two companies, the John Lewis Partnership and Scott Bader, which have found their own way of doing it and do it well. But there is more to be said.

The low annual average of new equity capital raised during the five years up to the end of 1974 is no evidence that the role of equity capital is declining. It is merely confirmation (scarcely needed) that they were years during which return on capital was falling, partly because of a basic shift of fiscal emphasis towards the non-productive public sector. New issues are a sign of vitality in industry; if and when confidence in long-term investment is restored, equity capital will again prove to be an extremely popular and flexible method of financing it.

One of the very significant merits of equity capital which is often overlooked is its value as a savings medium. Well over half the working population owns shares in an indirect form and, apart from houses, it is the only large-scale non-cash form of savings medium available.

The idea of joint ownership and participation for workers in their company is clearly an attractive one, and it is important, as Sir Bernard says, that unions should face up to the consequences of their industrial victory by accepting responsibility for the health of the industries "in which they now hold the balance of power." But why should this stop at the company level? If we have responsibilities to our company, equally we have responsibilities towards the country as a whole, and narrowing the focus of attention on to companies could be parochial and damaging.

We already possess a well-tried mechanism similar to that favoured by Sir Bernard—but it is on a national basis. Equity ownership in its direct and indirect forms is a vital factor linking industrial democracy with industrial ownership. The de facto extension of ownership of industrial assets within the working population at large blurs the distinction between the private and public sectors, and is a very significant sign of evolving maturity in industrial society, whose implications have not yet begun to be explored.

A. P. W. Simon.
Park House,
16, Finsbury Circus, E.C.2.

Technique into practice

From The Director, Institute of Practitioners in Work Study, Organisation and Methods.

Sir,—We are indebted to Mr. I. Christie (November 4) for once again reminding us of the need for increased productivity. For a whole host of reasons we are not going to get any increase in capital investment in the immediate future, and even when we do, as your columns have illustrated on so many occasions, our productivity is still very much lower than our European competitors.

I would however disagree with Mr. Christie that the Government should put short term emphasis on developing techniques for improving productivity. Productivity techniques have been in use for many years and are known throughout industry, commerce and public administration. Our problem is not one of techniques but of actually putting them into practice.

It would be better if the Government was to give funds for specific tasks for improving productivity, rather than pump *money into further research or* development into techniques.

It was encouraging therefore to see, in the same issue of your newspaper, the letter from the managing director of ICFC-Numas reporting on the grant to the clothing industry to assist in the improvement of productivity and efficiency.

Perhaps the message is now being understood that we do have the capability to improve our own economic performance from our own resources. The means are available, what we now need is the will to put them into effect.

Edward A. King.
9-10, River Front,
Enfield, Middlesex.

Devolving to Brussels

From Miss J. Empson.

Sir,—Roosevelt once said that when a thing happens in politics it has been planned and so is the case with devolution. It seems yet another smokescreen for making Britain a province of a Federal Europe. While the British people are lulled into thinking what a good thing devolution is, our political leaders will no doubt be introducing Roman Law and a written constitution, into this land, and hey presto, through divide and rule tactics, we will be taken over by Brussels without any further consultation.

Judith Empson.
Greenacres, Upper Bromlow,
Minsterley,
Nr. Shrewsbury, Salop.

Comparing call costs

From Mr. N. Wild.

Sir,—Mr. Reg Abbiss (Nov. 1) really tries our patience too much in his glib praise of Post Office "bargains." Is it meaningful to make comparisons with 1923 when the automatic telephone exchange then hardly existed? Even so his 3d. versus to-days 9.1p trunk call comparison reflects very poorly on the Post Office. In view of the system's tremendous development and automation during 50 years one would expect current real costs to be about one-tenth those of 1923, not about half.

The argument that a local public call box charge is only 2p is surely invidious when we all know that it would be 5p now if only the Post Office could move as fast as it would like to implement the impending extra charges.

The comparison with "when the first transatlantic telephone service was started in 1927" is as misleading as making comparisons from future regular air services with the costs of first flights in Concorde.

Would it not be fairer to compare the current telephone costs of "developed" countries such as the U.K., U.S. and European countries with one another on the basis of costs per minute per mile for both cheapest and dearest rate periods. I am sure the U.K. Post Office will be at or near the top of the list for costs despite our relatively low wage/salary level.

Can the Post Office explain why it doesn't abandon the present ill-designed prepayment coin box system which requires strong-arm tactics to insert coins and frequently obliges the customer to lose his money. Any of the European or U.S. systems could be "copied" with great advantage to the public and to Post Office public relations.

N. Wild.
25, Orchard Way,
Woking, Surrey.

Coking coal price

From The Director of Public Relations, National Coal Board.

Sir, — Your report by David Curry (October 31) "EEC Commission orders NCB to cut coking coal price" was wrong about the October 1 price increases.

The price of domestic coke, in common with all other domestic smokeless fuels, increased on October 1 by £2.30 per ton, not by £1.40 per tonne as you claim. The National Coal Board announced last March, immediately before the basic price increase for domestic fuels which became operative on April 1, that during the six months April to September, inclusive, domestic fuel prices would be moderated — as is normal practice—to encourage merchants and the general public to stock up during the summer months. The increase of £2.30 per ton on October 1 simply results from the ending of this summer discount scheme.

Industrial and coking coal prices are not normally subject to such seasonal price variations. Nevertheless, the NCB agreed to moderate prices during the period April 1 to September 30 to manufacturers buying these coals to make smokeless fuels for the domestic market. This was to compensate them for loss in revenue due to lower product prices while the summer discount scheme was in operation.

Because the yield from one ton of coal feedstock is only about 0.7 tons of smokeless product (with variations according to the process employed) this meant that prices for coal feedstock were abated on April 1 by £1.40 per ton for a period of six months, and it was clearly understood by all manufacturers that this amount would be reinstated on October 1 when the summer price discount ended. This increase contrasts with your incorrect report that feedstock prices increased by £2.30 per tonne on that date. You correctly report that, in the event and following discussions with the Commission, the NCB deferred this reinstatement of winter prices on the coal feedstock until October 15, despite the fact that the product price increase went ahead on October 1 as planned. During these 15 days manufacturers therefore benefited from the combination of summer price for their coal feedstock and winter price for the manufactured product, at the expense of NCB revenue.

Geoffrey Kirk.
Hobart House,
Grosvenor Place, S.W.1.

Soft loans system

From Mr. J. Lewis.

Sir,—Poor countries, like poor persons, are rarely ever lacking in wants. What they are usually short of is the means to satisfy their wants. And it is where the means takes the form of the payment of funds in a currency other than its own that a poor country often finds itself in the greatest difficulty.

Could not the developed, industrialised countries agree to accept, for a period of, say, three years to begin with, payment of some portion—50 per cent.?—of their exports to developing countries in the currencies of those countries?

What, it will be asked, would the developed countries do with those currencies? One answer might be, use them to purchase the products of, or pay for services required from, the countries from which they have been received!

Is this not the idea underlying the system of soft loans which enables the borrowing country to make repayment in its own currency?

J. O'Neil Lewis.
17-19, rue Montoyer,
1040 Brussels,
Belgium.

Experimental dipping

From Mr. A. Harris

Sir,—Any acceptable road safety measure is a must. Of course, night drivers need to see and to be seen. Headlights as fitted to British motor-cars do not necessarily only increase safety factors. Most British headlights are designed to enable the driver to see. Many foreign cars have diffused headlights designed more expressly to enable the vehicle to be seen. Frequently, and particularly in rain, British (white) headlights indiscriminately used can be a positive hazard to approaching traffic. In addition if a pedestrian is looking towards approaching multi-lane traffic, the vehicle nearest to the pedestrian if approaching with its headlights on is liable to form a screen of dazzling light thus limiting the ability of the pedestrian to see other vehicles just behind the screen. This can be extremely dangerous at pedestrian crossing points and junctions.

Surely in a measure as controversial as that requiring headlights to be used, it would be appropriate that it be tried for an experimental period without penalty being applied. The trial period should be mandatory. At present the penalties are prescribed but their application (it is being broadly indicated) should be used with discretion. This is manifestly unfair although that is not the point of this letter which is written to emphasise why in my view there should be a considerable trial period. There are too many potential hazards counterbalancing the potential increase in safety margins. May I through your coumns invite readers to take a real and active interest.

Albert Harris.
23, Dorset Street, W.1.

Price of milk and water

From Mr. P. Thomas.

Sir,—In commenting upon the relatively low price of milk Charles Wilson (November 5) states that in his household the weekly cost of water is just about double the milk bill. What he failed to say was that whereas we consume perhaps a pinta of milk a person each day, we each use about 40 gallons of water per day. Put another way round, water costs about 10p per ton delivered!

P. F. Thomas.
Middleton Old Vicarage,
Middleton,
Tamworth, Staffs.

To-day's Events

GENERAL

The Queen and Duke of Edinburgh receive members of recent successful Everest expedition at Buckingham Palace.

President Sadat of Egypt begins official visit to U.K.

EEC Council of Foreign Ministers end two-day meeting, Brussels.

CBI Industrial Trends Survey (October) published.

Institute of Directors annual convention, Royal Albert Hall, S.W.7.

CBI Northern Ireland Regional Council meets, Belfast.

British trade mission headed by Lord Beswick, Minister of State for Industry, continues visit to Iran.

Financial Times two-day conference on Inflation Accounting—Implications of Sandilands Report ends, London Hilton, W.1.

PARLIAMENTARY BUSINESS

House of Commons: Consideration of any Lords message on Trade Union and Labour Relations (Amendment) Bill. Debate on EEC Budget for 1976.

House of Lords: Community Land Bill, report stage.

OFFICIAL STATISTICS

Provisional figures of vehicle production and estimates of new car registrations (October).

COMPANY RESULTS

Beaverbrook Newspapers (full year).

Hoover (third quarter).

Royal Dutch/Shell (third quarter).

Wood Hall Trust (full year).

COMPANY MEETINGS

Anglo-Continental Investment and Finance, 65, Leadenhall Street, E.C., 11.

Bromsgrove Casting and Machining, Bromsgrove, Worcestershire, 12.

Burns-Anderson, Manchester, 12.

Campari, Abercorn Rooms, E.C., 11.30.

Cantors, Sheffield, 12.

Dalgety, 10, Upper Grosvenor Street, W., 12.

Empress Services, Kettering, 12.

Kamunting Tin Dredging, 53, Moorgate, E.C., 12.

London Merchant Securities, Winchester House, E.C., 12.

Maidenhead Investments, 65, Leadenhall Street, E.C., 10.

Parker Knoll, High Wycombe, 12.

St. Swithin's, Maidenhead, 12.15.

West of England Trust, Bristol, 12.

EXHIBITIONS

International Caravan and Camping Show opens, Earls Court.

Italian Furnishing Fabrics Exhibition continues at Italian Trade Centre, 20, Savile Row, W.1.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	Oct. 15, 1975 £m.	Change on month £m.
Eligible liabilities		
U.K. banks		
London clearing banks	18,788	+265
Scottish clearing banks	1,909	+ 5
Northern Ireland banks	470	+ 21
Accepting houses	1,414	+ 14
Other	6,135	+ 31
Overseas banks		
American banks	2,761	+112
Japanese	184	– 10
Other overseas banks	1,557	– 7
Consortium banks	135	– 56
Total eligible liabilities*	33,353	+375
Reserve assets		
U.K. banks		
London clearing banks	2,313	– 25
Scottish clearing banks	279	– 19
Northern Ireland banks	101	+ 7
Accepting houses	252	– 32
Other	1,310	+ 19
Overseas banks		
American banks	453	+ 62
Japanese	28	—
Other overseas banks	265	– 12
Consortium banks	38	– 13
Total reserve assets	5,238	– 23
Ratios %		
U.K. banks		
London clearing banks	13.4	– 0.3
Scottish clearing banks	14.6	– 1.0
Northern Ireland banks	21.5	+ 0.6
Accepting houses	17.8	– 2.5
Other	21.3	—
Overseas banks		
American banks	16.4	+ 1.7
Japanese	15.2	+ 0.6
Other overseas banks	17.0	– 0.7
Consortium banks	27.9	+ 1.5
Combined ratio	15.7	– 0.2
	£m.	£m.
Constitution of total reserve assets		
Balances with Bank of England	244	– 61
Money at call: Discount market	1,476	–113
Money at call: Other	202	– 19
Tax reserve certificates	—	—
U.K., Northern Ireland Treasury Bills	2,173	+208
Other bills: Local authority	125	– 10
Other bills: Commercial	524	– 18
British Government stocks with one year or less to final maturity	494	– 9
Other	—	—
Total reserve assets	5,238	– 22
	£m.	£m.
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	527	+ 39
2—Finance houses		
Eligible liabilities	231	– 1
Reserve assets	24.3	– 1.6
Ratio (%)	10.5	+ 0.2

Special deposits at October 15 were £971m. (down £2m.) for banks and £7m. (unchanged) for finance houses.

* Interest-bearing eligible liabilities were £22,973m. (up £139m.).

The London clearing banks' balances at October 15 have been held over until to-morrow.

NEDC CONSIDERS THE APPROACH TO INDUSTRIAL STRATEGY

We must get to grips with long-term weakness of British industry

The two sides of industry, together with the Government, spent yesterday at the National Economic Development Council's meeting at Chequers discussing the official document, An Approach To An Industrial Strategy. The paper, presented by Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Eric Varley, Secretary for Industry, is as follows:—

Mr. Healey said in a foreword: The British people face immense short-term economic problems in unemployment, inflation and the balance of payments deficit. These problems have arisen at regular intervals throughout this century, though rarely in a combination quite so intractable as at present.

The exceptional difficulties of Britain's position in the economic recession which grips the whole world is due in large part to the fact that the performance of British industry since the war has been steadily deteriorating under successive Governments in comparison with its competitors.

So while we tackle immediate problems, we must also get to grips with the long term weakness of British industry, and relate short-term solutions to the requirements of this task.

Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Eric Varley, Industry Secretary, say in their statement that British industry's relative decline must be reversed. The approach must be realistic and flexible, engaging the co-operation of management and labour in the private and public sectors. "The full benefits will emerge only in the long term, but we must start the process now."

The task we face is—nothing less than to reverse the relative decline of British industry which has been continuous for many years. It is not something we can achieve overnight. The full benefits will only emerge in the long term. But we must start the process now.

The attached document sets out the Government's proposals for developing a long term industrial strategy. We believe that any approach to an industrial strategy must satisfy two conditions:

First, it must be realistic and flexible. Our proposals involve a careful analysis of the performance and prospects of individual industries which will be continuously adjusted as experience grows and circumstances change.

Analysis

This analysis does not itself constitute a strategy; it provides a flexible framework within which strategic decisions can be made.

Second, it must engage the co-operation and drive of both management and labour in both the private and public sectors. The Government emphasises the importance of sustaining a private sector of industry which is vigorous, alert, responsible and profitable.

It intends that the public sector should exhibit the same qualities. We intend to achieve the necessary co-operation through regular discussions with representatives of both sides of industry, both at sector and at company level.

The decisions which follow the analysis must be made by companies, unions and Government.

The first results of this approach were reflected in the Government's recent measures to encourage investment on a selective basis. The measures to help investment were chosen after the sort of sectoral analysis which is set out in this paper.

They are moreover related to the problems immediately ahead, since they are primarily intended to remove obstacles to the growth of some of our key industries as the world economy recovers.

Measures

We shall keep the effects of these measures under review and we shall not hesitate to take any further steps that may be necessary, consistent with our overriding objective of conquering inflation.

As we begin to develop a new industrial strategy we shall increasingly be able to plan our short-term measures within a longer-term industrial framework so that short- and long-term measures reinforce one another.

Mr. Healey's and Mr. Varley's paper says that our prime objective must be to become a high output-high wage economy. This can only be achieved by improving our industrial performance and raising the growth of our productive potential.

Our unsatisfactory economic performance since the war reflects in large part our failure to deal effectively with our industrial problems by comparison with our competitors.

The Government is introducing powerful new instruments to tackle these problems, in particular planning agreements and the NEB.

These, and the other weapons in our armoury, cannot be used to purposeful effect unless we have a soundly based strategy for manufacturing industry.

Manpower

We need such a strategy also as a guide for manpower planning. In some sectors of industry the pressures of international competition will force some shedding of labour.

In others, technological improvements in productivity may mean that as modernisation proceeds, the same or a larger output can be produced with a smaller labour force.

It is therefore essential to develop a coherent industrial strategy so that action can be taken in good time by Government and companies to expand capacity and increase employment in sectors with good prospects, or in others to take defensive action where this is necessary.

Manpower policies like training, re-training, and encouragements to mobility must be geared to this strategy.

The National Economic Development Council has held a series of discussions about the need for more effective industrial planning. At the August Council meeting the Government undertook to produce a paper setting out a new approach to industrial strategy which could then be fully discussed by all the parties.

This paper sets out the approach which the Government considers likely to be the most realistic and fruitful.

It is not a strategy but a programme for developing a strategy which will place responsibility on Government, on unions and on management for improving our industrial performance.

World trade

Manufacturing industry accounts for about 30 per cent. of our output and employment and over 80 per cent. of our visible exports. Its health is of vital importance to our national economic performance. Our manufacturing industry has not done as well as its competitors.

In particular it has not responded adequately to changes in the pattern of world trade and suffers from structural rigidities which show themselves particularly in bottlenecks both of manpower and components in the early stages of economic upturns.

The reasons for our poor performance by international standards have been exhaustively analysed and discussed, not least in the Council and the Economic Development Committees.

There is no universal agreement on them. Some important factors, such as an overvalued exchange rate and excessive international responsibilities, may now be less serious.

Investment

Others, such as a limited supply of labour for manufacturing industry to draw on, are bound to affect Britain more deeply than some of her competitors.

But whatever weight may be given to one or the other the main relevant factors are clearly interrelated. They are thought to include:

(i) a low rate of investment

(ii) inefficient use of capital, which has resulted in a relatively poor return on new investment

(iii) poor choice of investment

LABOUR

(iv) inadequate development of a manpower policy and the consequent regional and sectoral shortages of skilled labour.

(v) low labour productivity, reflecting poor management, inadequate consultation, restrictive practices, overmanning and disruption by industrial action.

(vi) attitudes to productivity and labour mobility based on views about appropriate pay and tax structures which reflect long-standing attitudes to relative pay in industry.

GOVERNMENT

(vii) sharp and frequent changes of economic regulators to meet the conflicting needs of economic and social priorities, which make it difficult for companies to plan ahead.

(viii) pre-emption of resources by the public sector and by personal consumption to the detriment of industry's investment and export performance.

(ix) Government intervention in the pricing, investment and employment policies of the nationalised industries.

FINANCE

(x) a declining rate of industrial profitability.

(xi) imperfections in the capital markets mainly at the medium and longer term ends.

(xii) a capital market which does not give priority to the needs of industry.

There is no reason to believe that these problems will be solved automatically. Indeed, international factors are likely to make them more difficult.

Developing

As the developing world sets up its own manufacturing capacity, there is increased competition from low-cost producers, and pressures build up which could affect both our terms of trade and the security of supply of our foodstuffs and key raw materials.

Elements of an industrial strategy

It will be impossible to tackle these problems without action by all parties concerned: Government, management, unions and the financial sector. We must therefore develop an agreed national strategy for industry on a long-term basis. Such a strategy must involve:

1—The better co-ordination of policies affecting the efficiency of industry. This will require us to identify the industrial implications of the whole range of Government policies.

The feed-back of information from planning agreements with companies will be of particular value in this respect.

2—The more effective use of the instruments of industrial policy and the deployment of financial assistance to industry. Both planning agreements and the NEB will be important here.

3—Ensuring that industry, both public and private, is able to earn sufficient profits on its investment to spur managements to expand and innovate and to provide them with the internal finance on which to base investment.

External

Adequate sources of external funds are also vital: some will be provided through the National Enterprise Board and some through Finance for Industry, but it will also be essential that the market should be able to meet the needs of industry.

4—A more effective manpower policy, including measures to provide a better supply of skilled manpower for growth industries and to cope with the human problems of people transferring from contracting to expanding industries.

Training and retraining will be crucial here, both in coping with the problems of the present recession and in enabling people to meet the needs of a re-oriented British industry.

The MSC and its agencies will have an important part in this.

5—The improvements in planning, both in industry and by Government, which will flow from systematic and continuing tripartite discussion of the likely prospects of individual industries, allied to greater disclosure of information at company level, particularly, but not exclusively in planning agreements.

Above all, we must get away from policies of confrontation, and work together in the national interest towards agreed objectives.

For its part, the Government will have to continue maintaining a balance between economic and social objectives which often have conflicting implications.

Nevertheless, the Government intends to give greater weight, and more consistently than hitherto, to the need for increasing the national rate of growth through regenerating our industrial structure and improving efficiency.

For the immediate future this will mean giving priority to industrial development over consumption or even our social objectives. There is no other way of developing the industrial base on which the Government's whole programme of economic and social reform depends.

The Government will have to ensure the proper co-ordination of macro-economic and micro-economic policies since success will depend on a complex variety of factors needing support at national, industry and firm level.

We recognise the need to maintain an adequate level of demand and employment if both sides of industry are to possess the confidence required to carry the necessary changes through.

The Government must take the initiative in developing the industrial strategy, but the main task of seeing that it brings higher productivity in British industry must fall on unions and management.

Increases

Any major increases in productivity will require not only more investment better directed, but also improvements in working methods, including the reduction of overmanning and restrictive practices, and by transfer of workers into expanding sectors with a promising future.

This will call for a major effort in training and retraining workers, together with effective co-ordination of the whole range of policies affecting the ease with which people can change jobs.

The problems this poses are discussed in the paper being circulated separately to the Council by the Secretary of State for Employment and it will clearly call for wholehearted co-operation by the trade union movement at national and at plant level.

Ashley Ashwood

MR. DENIS HEALEY—"Flexible framework for strategic decisions."

The Government favours a much greater involvement of workpeople at all levels in industrial decision-making.

Similarly management will need to be alerted to opportunities at home and overseas and great efforts must be made to bring the level of efficiency and profitability of the poorer companies up towards that of the best.

Thus at national level the TUC and the CBI will have an essential part to play together with the Government, in evolving a common strategy for improving our industrial performance.

One response to the problem might be for the Government to set in hand a new National Plan. The likelihood is that any plan which erected a single complete and mutually consistent set of industrial forecasts and targets would rapidly be falsified by events and have to be discarded.

This would once again discredit the process of industrial planning in this country as did previous attempts, which failed largely because they were based on unsustainable economic assumptions, and paid too little attention to the constraints affecting individual industries and companies.

On those occasions our national response to changes in circumstances which robbed us of early and visible success was to abandon the plan in question rather than to revise it and try again like the French or Japanese.

Accordingly we find ourselves without any co-ordinated strategy to provide a consistent basis for Government and industry to take their decisions.

This time a more flexible approach is proposed. We aim to provide a framework in which to consider the likely prospects of the most important sectors of industry over a period of five or more years ahead and to indicate their role in meeting our overall economic objectives.

In developing this approach it will be essential to take full account of likely developments in world trade and in the competitive position of British industry relative to other countries: the effects of EEC membership, and in particular of the removal of internal tariffs, will be important factors.

Framework

We hope this framework will be discussed extensively with both sides of industry as part of the development of the closer and more positive relationship between Government and industry to which the Government is committed in the White Paper on the Regeneration of British Industry.

The framework will need to be reviewed and if necessary adjusted, at regular intervals, to take account of changing circumstances.

This would be related to what the Government intends to do in planning agreements with major companies as well as to Government planning of public expenditure and nationalised industry investment.

The first step is the provision of a systematic statistical and analytical framework.

Although this can ultimately be broadened to take account of other useful information, including work currently in hand in the National Economic Development Office, we propose that the framework should initially rest on two main elements:

1—An analysis of past performance of individual sectors of manufacturing industry based on a number of statistical indicators, such as size, growth rate, trading performance, import content, growth of world demand and importance to other sectors.

A key factor would be the competitiveness of the industry at home and abroad. This process will help identify the importance of individual sectors in achieving various objectives.

2—The implications for different industries and sectors of alternative medium-term growth assumptions, using as a starting point the Government's medium-term projection.

Raw material

The Government will make an initial assessment on the basis of this statistical framework, taking full account of a wide range of qualitative factors, such as the scope for improving on past performance, the potential for import substitution, the development of new technologies, the minimum economic size of plants, the security of future raw materials supplies (for example our self-sufficiency in energy in 1980), the impact of EEC membership and the scope for Community action, the emergence of new overseas competitors and industrial objectives and policies of other Governments.

(Par. 14): The aim will be to identify those sectors most important for achieving our economic objectives both for the Government's purposes and for those of private industry.

This will entail a sector by sector analysis to identify those which are likely to have most potential and those which may be expected to present problems. The most important industries will first be grouped in the following way:

1—Industries which, judging by past performance and current prospects, are intrinsically likely to be successful;

2—Industries which, though they fall short of the first category, have the potential for success if appropriate action is taken;

3—Industries whose performance (as in the case of component suppliers) is most important to the rest of industry.

It is of course clear that any industry can contain sub-sectors and individual firms whose prospects may be better or worse than the sector as a whole.

Indeed, some of the biggest disparities in performance at present are found within particular sectors rather than between them.

The use of the industrial framework

This analysis is not in itself an industrial strategy. It is a starting point for the development of the Government's own industrial planning and a framework for discussion and action by the Government and by both sides of industry at national, industry and company level.

Inadequate

At each level, the objective must be to tackle the problems listed in paragraph 5 above, which lie at the root of our inadequate industrial performance since the war.

National Level

At the national level, there is a wide range of Government policies affecting industry. Industry will want closer consultation on medium term macro-economic prospects.

We have made a start here by circulating to NEDC the main components of the Government's medium term projections and we shall be ready to consider ways of carrying this further to complement the discussion of sectoral prospects which will take place on a regular basis as indicated in paragraph 25 below.

For the Government's policies to operate effectively Government should be able to assess their effects on individual sectors of industry and take account of these effects in policy formation.

The proposed medium-term industrial framework should help by providing an analysis of the factors which affect the prospects for various sectors, including the impact of possible changes in the Government's general economic policies.

Assurance

This sectoral framework can only be a part of the Government's total strategy for industry.

Quite apart from the policies for selective intervention (discussed further below) industry will want from the Government an assurance that it accepts as a major objective of economic policy the ability of industry to earn a reasonable rate of return on capital.

The Government has made it clear that it accepts the importance of sustaining a vigorous, alert, responsible and profitable private sector of industry. It is equally important that public industry should be able to draw on retained surpluses for its own investments.

Industry Level

There will need to be extensive discussions of the analysis of industrial prospects with each of the industries identified within the groupings described above.

The EDCs will have a great deal to contribute to this, and they will be able to draw upon the work they have been undertaking for the NEDC's Medium Term Industrial Review.

The structure and operation of the EDC's machinery may have to be examined in the light of this new role. Other sectoral organisations, such as trade associations, may also contribute to the discussions.

The indicators which NEDO are preparing (NEDC(75) 69) will be valuable at this stage in assessing the scope for improving performance within each sector.

Publicly owned industries will have an important role to play in improving our overall industrial performance since it is essential that labour and capital resources should be efficiently used in the public as well as the private sector.

Just as they will be brought into the planning agreements system, the nationalised industries will come within the scope of the strategic planning process.

This will, for example, enable the long-term plans of the nationalised industries and their supplier industries to be related to each other and to the whole industrial framework.

But since most of the nationalised industries are utilities rather than manufacturing industries, most of them are not, with the notable exception of steel, likely to feature in the grouping of paragraph 14.

These detailed discussions are likely to throw further light on possible constraints to improved performance and on the industrial implications of the Government's economic projections and decisions.

They might also lead to specific recommendations for action by companies, trade unions and Government, although the selection of sectors will not imply any commitment that the Government will necessarily intervene.

However, the analytical framework should provide the Government with a basis for determining priorities for action in specific areas of particular importance to the economy, within the inevitably limited resources available.

This will contribute to the development of priorities for co-ordinated intervention and support not only by the Government itself but also by public agencies such as the NEB and the Manpower Services Commission.

Company Level

The Government will also discuss the industrial projections and their implications with individual companies, primarily though not exclusively in the context of planning agreements.

It is the individual decisions taken by management and unions at the level of the firm which will in aggregate determine the U.K.'s industrial performance.

Planning agreement discussions should in due course provide a valuable means of influencing a significant proportion of the U.K.'s manufacturing industry.

While some firms will have opportunities which are not available to others in a given sector it would be the aim to improve the overall standard of a sector by raising the standard of average companies towards that of the best.

Justified

At the level of the firm, the Government will seek to provide support where this is justified in individual cases—for example, assistance for key investment projects—and the NEB will have a role in promoting changes in the management and organisation of individual companies as well as in securing the desired restructuring of a sector.

In deciding whether individual companies merit support the Government will have regard to the criteria in NEDC(75)67, including the need to ensure that the company concerned is likely to be viable in the longer term.

The framework and the development of a strategy will provide a comprehensive foundation for Government policies both for companies in growth sectors and for companies in sectors with deteriorating prospects.

It will also provide the framework within which the system of planning agreements will operate and a basis for the strategy of the NEB.

The Government's commitment to take full account of the agreed strategic framework and the more detailed knowledge of the Government's thinking, which results from the process of providing it, should allow companies to plan ahead with greater confidence.

Procedure

As has been made clear, the Government views the development of an industrial strategy not as a single finite operation but as a continuing and evolving process, with arrangements for regular review after the initial discussions and agreement.

Operation

(Par. 25): In a normal year the Government envisages that the operation would move through three stages on the following lines. First, in the late summer, material would be put to the NEDC which would consist of three main parts:

1—A paper setting out the main components of the Government's medium-term projection;

2—A paper identifying the most important sectors grouped in accordance with paragraph 14 and indicating the criteria which had been used for this purpose.

As the 30 or so sectors would have been chosen primarily for their importance to the economy, it is unlikely they will change significantly from year to year, although as experience of the system develops it may be possible to add further criteria for selection.

Nonetheless the Government expects that the Council will wish to comment on the criteria chosen for any one year's review:

3—Separate annexes for each of the sectors listed. These would contain figures, where available, for the appropriate disaggregated part of the Government's overall medium-term projections.

They would also include a descriptive profile of the industry which would draw attention to its strong and weak points and in particular would attempt to identify areas where further trends were likely to differ from those in the past.

Second, subject to the Council's endorsement of the Government's approach to the year's review, material in (3) would be remitted to individual EDC's, or where no appropriate EDC's existed, to tripartite committees which would be set up ad hoc at least in the early stages.

It would be in the EDC's or ad hoc committees, that both sides of industry together with Government would attempt to identify areas for improvement and possible action.

Third, the results of these discussions would be pulled together perhaps by an official group representing the Government, TUC, CBI and NEDO and submitted to the Council at about the turn of the year.

This report would then form the basis for an important discussion by the Council on industrial policy in general, and in particular on areas highlighted for action and improvement, at a time of the year suitable for influencing the Government's thinking on macro-economic policy.

None of this would in any way prevent or inhibit discussions in the Council or the EDC's at other times of the year on issues related to industrial strategy or the par-

Continued on Page 35

Leonard Burt

Mr. Harold Wilson, the Prime Minister, and Mr. Eric Varley, Industry Secretary, after yesterday's NEDC meeting at Chequers on industrial strategy.

COMPANY NEWS + COMMENT

Readicut improves to £1.55m. at halfway

ON EXTERNAL sales up by 5.5 per cent. to £19.79m. profits, before tax, of Readicut International improved by 5.6 per cent. to £1.55m. in the half-year ended September 30, 1975.

At the beginning of 1975-76, chairman Mr. F. A. Newhouse said he considered it inconceivable that record levels of sales and profits could be achieved in the half-year because of the deteriorating state of the economy. The improvement in profits arises from a reduction of £193,784 in interest paid and the chairman regards such results as very satisfactory, particularly bearing in mind that, compared with the 1974 half-year, there was an increase of almost £1m. in the cost of wages and salaries, despite a smaller labour force.

Members are told that all available evidence indicates that in the absence of an exceptional deterioration in the state of the economy the full year's profit will not be unsatisfactory.

First half earnings per 5p share are stated to be up from 1.17p to 1.22p. The interim dividend is raised from 0.31637p to 0.33784p net—the 1974-75 total was 1.04138p, paid from profits of £4.03m.

	Half year 1975 £	1974 £
External sales	19,786,000	18,746,000
Trading profit	2,172,725	2,204,674
Depreciation	430,269	351,126
Interest paid	196,318	390,102
Profit before tax	1,546,138	1,463,446
Taxation	790,076	742,734
Net profit	756,062	720,712
Exchange credit	89,732	*3,873
Less tax	34,743	1,870
Preference dividends	16,144	16,144
Ordinary	293,745	189,387
Retained	381,180	513,013

* Debit. † Credit.

In the half-year's performance by the six divisions varied. Whereas the retail, yarns, carpets and overseas divisions produced increases in profits, falls were registered by textiles and others.

● comment

Strict control of stocks and debtors, plus the benefit of tax relief on stocks, has enabled Readicut to halve its interest charge in the first six months, pushing pre-tax profits up by 5½ per cent. Even so, at the trading level profits fell by only 6 per cent. which is a fair achievement for a textile group in to-day's market. Firth carpets managed to keep up production, even if margins were lower, while the yarn division did not take in the wool losses that the previous year faced, so here profits were better. The main trouble spot seems to be car carpets were demand has understandably been patchy and the division's profits rely on a constant throughput. Meanwhile sales of rug kits have been growing both at home and abroad and, though the main selling season falls into the current period, Readicut is optimistic about this activity. In fact, current trading suggests that the company will be able to hold last year's profits of £4m., yet after the 4p rise to 22p yesterday there is probably little left to go for in a yield of 7½ per cent.

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brighter. Nevertheless, overall second-half profits should be able to edge ahead of those at the interim stage to leave the full-year profit in the region of £850,000, which puts the shares on a prospective p/e of 6.7—not far below the engineering sector average.

Jessups £97,000 advance

Motor engineers and dealers Jessups (Holdings) announce higher pre-tax profit of £270,078 for the 12 months to August 31, 1975, compared with £172,857 in the previous year.

At halfway, when profits were up by £60,000 to £90,300, the directors indicated that year-end results would show an improvement" on those for the same period in 1974.

Now, they state that the present year is viewed with optimism because of the group's involvement over various franchises in fleet supplies where it is anticipated there will be a stronger market in 1976. Vehicle leasing interests are also showing a promising growth pattern with continued expansion.

Stated earnings are up from 2.06p to 3.20p and a final dividend of 0.875p net raises the total from 1.187p to 1.263p, the maximum allowed.

	1974-75 £	1973-74 £
Turnover	12,350,000	8,495,000
Trading profit	509,256	348,505
Interest payable	239,202	175,448
Profit before tax	270,078	172,857
Tax	141,000	92,000
Net profit	129,078	80,857
Dividend	49,356	46,336
To general reserve	79,490	34,327

L. Gordon's six month loss

IMPORTERS AND distributors of sherries, wines, and spirits, Luis Gordon Group—a subsidiary of Pedro Domecq SA—reports an increased loss of £337,000 against £62,000 for the first half of 1975. For the eight-month period to the end of 1974 there was a pre-tax profit of £18,000.

First-half turnover was £2.87m. compared with £4.07m. The loss was struck after interest of £139,000 (£139,000). There is no tax charge (same), no minority interest (credit £6,000), or extraordinary items (debit £288,000). Last year's loss attributable was £344,000.

Shareholders have been advised that results for the half-year would always be likely to show a loss as at least half the group's sales are usually made in the last three months of the year.

Profits for all of 1974 were £4.6m. Dividends totalled 3.431p net.

The group has agreed to sell the capital of IWT Transport to Mr. A. Hall for £12,000. It has also sold to Invergordon Distillers (Holdings) its bottling interests in Scotland for £22,750.

Disposal of a further six wine bars has been completed and finalisation of the sale of the remaining two is expected before the end of November.

At October 1, 1975 borrowings had increased to £3.65m. and are expected to rise to approximately £5.4m. by the end of this month. Principal reason for this is the very heavy increase in duty in the last Budget, which raised the level of debtors to be financed in the peak pre-Christmas period by approximately £2m.

Accordingly holders are being asked to approve an increase in borrowing powers which based on the adjusted capital and reserves at end 1974 will allow the Board to borrow up to £6,125,000, which should be sufficient to cover the group's anticipated requirements at the seasonal peak.

This is only of short duration and the group's borrowings are expected to drop dramatically during the first quarter of the year.

Improvement at J. Coral

J. Coral Holdings announces an interim dividend of 3.52p net per 10p share compared with 3.2975p last time.

The directors say that trading in all divisions has continued at satisfactory levels and that profits for the current year to-date continue to show a "significant

Bellway slips to £3.3m.

DESPITE a rise in turnover from £20.1m. to £26.06m., pre-tax profits of Bellway Holdings fell from £3.85m. to £3.3m. in the year to July 31, 1975, after £2.02m. against £2.25m., for the first half.

Full year earnings are shown to be down from 7.5p to 3.4p per 25p share. The dividend is lifted from 2.1339p to the maximum permitted 2.2815p net with a final of 1.1815p.

The directors are confident that the company's strength is such as to allow it to continue to absorb much of the current pressures until the business climate shows a realistic improvement. The group's interests include building, development and property investment.

	1974-75 £	1973-74 £
Turnover	26,056,000	20,097,000
Depreciation	283,600	298,254
Interest payable	1,227,805	1,159,396
Pre-tax profits *	3,300,951	3,854,742
Tax	1,338,390	1,997,096
Extraord. debits	15,076	†54,732
Retained	876,480	1,392,932

* Includes building and other trading activities £3,772,158 (£4,280,768), net income from investment property £787,944 (£716,322), interest receivable £73,604 (£36,545) and site costs previously charged now recovered £293,295 (nil). After plant and machinery hire £293,681 (£172,181) and directors and auditors remunerations. † Credits.

● comment

A 20 per cent. shortfall in Bellway's second-half profits has left the overall balance some 14 per cent. lower, well short of most outside estimates. Despite the half-time optimism, completion slowed down while the continual rise in building material costs has severely depressed margins. But the key factor was the hold-up in the £3½m. deal with the Orbit General Housing Association, with the proceeds coming through some 3 to 4 months later than expected. Even then, there is about £1m. outstanding and as such the mooted drop in interest charges never materialised. Some saving naturally should be seen this year but residential developers can have little confidence to plan ahead with no apparent slowdown in the rise of building material costs. So despite strong demand for houses in the low price bracket, Bellway looks to be facing another tough year. The shares yield 7.3 per cent. at 49p.

Eva falls back in first half

COMPARED WITH an "outstanding" £679,000, profits of Eva Industries fell back to £402,000 in the six months ended September 27, 1975.

Chairman Mr. T. R. Astley reports that the suddenness of the fall in engineering activity was reflected in the engineering services division which, overall recorded a loss of £65,000 in the half year compared with a profit of £73,000. Action has been taken to adjust the scale of operations to current levels of activity and indications are that, provided activity generally does not fall significantly below the present levels, a satisfactory turnround to profitability in the second half will be achieved.

The recession in the Brazilian economy, together with a prolonged period of de-stocking by dealers, resulted in the company in Sao Paulo recording a loss. It has been re-structured and profitability is being restored. Current budget shows an acceptable level of profit for the year.

Following a change in dividend policy an interim of 0.875p net now declared, compares with 1.75p being the total of the first and second interims in the previous year. A maximum permitted final is indicated. The 1974-75 total was 3.0425p paid from profits of £1.36m.

A divisional analysis of profit shows (£000s omitted): Agricultural Tool £207 (£236); engineered products £97 (£86); engineering services £65 loss (£73 profit); forging £106 (£126); and investment £57 (£156).

● comment

A two-fifths fall in interim pre-tax profits was enough to clip Eva's share price 1½p to 42½p yesterday. The main culprits behind the downturn were the Engineering Services division with a £138,000 turnround into losses and the Investment sector with a setback of £99,000. However, the former is coming through with some recovery, and by the year-end the group reckons that it will have made good its first-half losses as the benefits of retrenchment at heat treating and plating plants come through and Magnet Developments turns into a profitable venture. The Investment sector ran into troubles at Adams through its involvement with the machine tool industry and here the picture looks no

Gresham House scheme changes

Faced with the prospect of a loss of £43,200 to certain executives if they were now to be called on to pay up the outstanding balance on a company share option scheme, the directors of Gresham House Estate Company are asking shareholders to approve changes in the scheme.

In a letter to shareholders the Board says that it was never intended at the time of the scheme's introduction that participants should be exposed to a risk of this magnitude and therefore they propose that the scheme should be amended in three ways.

First that the subscription price should be changed from the current 68.75p per share to the middle market price of the Ordinary shares on the last business day immediately preceding a call for the balance of the subscription price or par value whichever is the higher. The letter points out that on the basis of the latest available middle market price of 35p for the shares the loss at the current subscription price would be £43,200 on the 128,000 partly paid shares remaining.

The second change is that the latest date on which the directors would be bound to make a call is to be postponed for seven years. At present participants of the scheme (which was started in 1971) are required to pay the balance on their options not later than the sixth anniversary of the issue of the shares.

The third change is that a participant should have the right to require the directors to call up the balance of the subscription price at any time up to the 13th anniversary of the original issue of scheme shares.

Proceedings over Cannon Assurance ownership

BY CHRISTOPHER HILL

PROCEEDINGS HAVE been commenced in England by the Canadian liquidators of IOS which dispute the ownership of Cannon Assurance—the former ILI (U.K.) subsidiary of IOS.

The majority holding in Cannon was acquired by the merchant bank Keyser Ullmann together with Mr Edward du Cann in December, 1972 from Value Capital, a Bahamian company.

The solicitors for IOS in the U.K., Lovell White and King, confirm that there are two sets of proceedings. One concerns 12 defendants including Keyser Ullmann, Cannon Assurance, Value Capital, Mr. Edward du Cann and Mr. Robert Lee Vesco. The other is by the Public Trustee of the Province of Ontario against Keyser Ullmann Investment Management.

The statement by the solicitors says that since their appointment the liquidators through their agents have carried out extensive investigations involving the affairs of IOS and its subsidiaries and the legal proceedings have been started as a result of matters which have come to light in the course of these investigations.

Mr du Cann, chairman of Cannon and owner of 15 per cent. of the company's capital, said last night that this was a technical matter which did not concern the policyholders of Cannon Life because only the ownership of the capital was in dispute.

Cannon's view is that at the time of the deal Value Capital owned the shares. But there were subsequent complications (including the disappearance of Mr. Vesco).

As a result, the £1.7m. purchase price was placed in escrow while Value Capital was sorted out. This has now grown to £2.4m. with accrued interest which represents the bulk of the IOS liquidator's claim. Another £500,000 is also being demanded representing dividends which have been paid by Cannon to Value Capital.

Mr. Derek Wilde, chairman of Keyser Ullmann said that Keyser (which owns 57 per cent. of Cannon's capital) and the other shareholders had been negotiating with the IOS liquidator since September this year and their only concern was to pay the money in escrow over to the right people and not to have to pay twice.

Mr. Wilde's view is that legal proceedings are entirely unnecessary and premature for what it amounts to is a dispute between two liquidators. He thought that it was bound to cause unnecessary concern to Cannon's 150,000 policyholders.

It was only last July that a liquidator was appointed to Value Capital in the Bahamas which gave the IOS liquidator the opportunity to open proceedings. However, the Value Capital liquidator is also claiming the money in escrow.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alliance & Dublin Gas	int.	5(a)	Nov. 28	nil	—	7.5
Alliance Inv. Co.	int.	1.5	Jan. 2	1.5	—	3.57
Wm. Baird	int.	2.6	Jan. 6	2.68	—	7.56
Bellway Holdings		1.18	—	1.13	2.28	2.13
Birmid Qualcast		2.4	—	2.18	3.63	3.4
Capper-Neill	int.	1.29	Jan. 6	1.2	—	2.38
Cater Ryder	int.	4.55(c)	Jan. 2	3.35(d)	—	14.4
J. Coral Holdings	int.	3.52	Nov. 28	3.3	—	5.45
English and Int. Tst.	int.	1.05	Dec. 1	1.05	—	3.15
Eva Inds.	int.	1.31	Jan. 31	1.75(e)	—	3.04
Fundinvest		0.93	Nov. 30	0.79	1.68	1.49
Goldring	int.	nil	—	0.53	—	1.05
Group Lotus	int.	nil	—	1.63	—	2
Jessups		0.88	Jan. 8	0.79	1.27	1.19
London and Prov. Shop.		0.53	—	0.49	0.9	0.84
Narborough (FMS) Rubber		1.4(a)	—	1.2	1.9	1.5
Peerage of B'ham	int.	0.55	Jan 9	0.5	—	1.23
Polymark Intl.	int.	0.8	April 6(b)	nil	—	1.46
Readicut Intl.	int.	0.34	Dec. 11	0.32	—	1.04
Safeguard Ind. Invs.		2.1	Dec. 17	2	2.8	2.7
Second Broadmount		0.52	—	0.5	0.77	0.74
Scottish Heritable	int.	0.53	Dec. 16	0.49*	—	1.02°
Whitbread	int.	0.93	Jan. 5	0.88	—	2.94

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.
(a) Gross throughout. (b) Corrected. (c) To reduce disparity. (d) In two equal payments. (e) Comprises two interims of 0.875p.

Associate's loss hits Wm. Baird

REFLECTING A turnround of £1.05m. to a loss attributable of £168,000 by Dawson International, an associate, profits of William Baird and Co. show a reduction from £1.38m. to £689,000 in the half year ended June 30, 1975.

The interim dividend is held at 4 per cent. gross—2.6p (2.68p) net—but as the group's present composition has elements vulnerable to the current recession and in view of economic uncertainties, chairman Mr. S. A. Field warns that there must be a degree of doubt as to maintenance of the total payment—11½p gross or 7.555p net for 1974 from profits of £3.36m.

	First half 1975 £000	1974 £000	Year 1974 £000
Group turnover	25,649	22,540	57,219
Operating profit:			
William Baird Textiles	501	474	1,155
Dawson Intnl.	*169	479	1,196
Darchem	349	335	898
Butterfield-Harvey	154	4	167
Services	225	130	485
Investments	84	124	366
Total	1,145	1,971	4,277
Central admin.	122	127	[illegible]
Group interest	334	425	746
Profit before tax	689	1,379	3,262
Taxation	167	700	1,116
Net profit	522	679	2,146
Attrib. Ordinary	522	674	2,134

* Loss.

The chairman points out that following the closure of the mining operation and liquidation of the Sierra Leone Development Company the results of SLD have been deconsolidated.

He reports that the textiles group—£501,000 (£434,000) in the half-year—entered 1975 with higher than projected stocks and in the spring productive capacity was reduced. By June a general recession in demand led to drastic de-stocking by customers and a further reduction in production was necessary.

There are now signs that de-stocking may be almost over enabling production to equate more nearly with demand and the factories to return to a more normal level of profitability. The recovery will, however, be too late to avoid second half textile results below those of the first half.

Regarding the winding-up of Anisminic the chairman says that the total amount receivable is £1.9m., which will permit a reduction in the existing group term debt to some £800,000 and enable a funding of a proportion of current overdrafts to be considered.

Omitting all amounts relating to SLD net asset value per unit at October 31 was 130p.

● comment

Different accounting periods meant that the recovery at Butterfield-Harvey was already in the bag, but similarly the sizeable losses at Dawson were also known so much of the sting has been taken out of Wm. Baird's 50 per cent. first-half pre-tax shortfall. Elsewhere there was little action but the fact that the textile division managed to push ahead slightly in what are hard times for the industry must have come as a surprise. However, events have since caught up with this side and a much reduced showing is expected for the second half. Though Dawson is out of the red, recovery here is no overnight operation, and overall, Baird is heading for a sizeable setback this year. One consolation, however, is that the dividend has not been savagely cut and that has been the major prop for the shares at 72p where the yield is over 16 per cent., although this may be barely covered.

GALLIFORD BRINDLEY

At the annual meeting of Galliford Brindley, chairman Mr. Peter Galliford said the widespread interests, and favourable weather, had enabled the group to make a sound start to the current year. Order book was healthy when judged against the depressed state of the industry, and the strong cash position had "consolidated our reputation of being a good company to do business with."

ISSUE NEWS AND COMMENT

BHS raising £15½m. by 1 for 8 rights

British Home Stores is to raise roughly £15½m. by way of a rights issue, thus becoming the second major store group within a week to come to the market for more capital. Debenhams made an issue seeking £10.6m. on October 28.

BHS shareholders are being offered one New Ordinary share for every eight held at 285p each. This compares with a closing share price last night of 385p, up 4p, which brings the rise over the past week to 20p.

The Board is proposing to recommend a final dividend of 6.2p per share for the 53-week period ending April 3, 1976. Total dividend, including the interim already paid, is therefore expected to be 10.2115p which compares with 6.9551p for the preceding year. Treasury permission has been granted for the increase.

While increasing the dividend payment to shareholders, the rights issue is not seen as a device for enlarging the payment. The money raised by the issue is not to reduce borrowings—there is no short-term debt in the balance sheet—nor for any specific project, but will be placed in the "general financial pool." The group emphasised last night that there will be no cutback in its development plans.

See Lex

C.C.P. NORTH SEA

CCP North Sea Associates' rights issue of 93.353 Ordinary shares at £18 per share has been fully subscribed. Applications have been received in respect of 89,464 shares (95.8 per cent.) leaving 3,889 shares available for excess applications. The latter amount to 11,689 shares, and after allocating applications up to 100 shares in full, remaining applicants will receive approximately 28 per cent.

TRANS UNION

Kleinwort Benson announces that the Subscription Agreement for Can.$15m. Guaranteed Notes 1980 of Trans Union Finance (Canada) has been signed. The Notes are to be issued at 100 per cent. and the coupon will be 10¾ per cent., and a London quote has been obtained. Brokers to the issue are Cazenove and Co. and dealings are expected to commence to-day.

PEACOCK SASINI

Peacock Sasini Estates has received acceptances in respect of its recent rights issue of 439,330 shares representing 96.9 per cent. of the issue. The balance of 13,344 shares has been sold in the market.

ICI AUSTRALIA

ICI Australia is reported to have privately placed $5m. of 13¾ per cent. Debenture stock maturing May 1990. A listing will not be sought for the stock which will be used to finance capital investment and associated working capital.

S. Berisford calling for £3.35m.

S. and W. Berisford proposes a one-for-one rights issue at par to raise £3.35m. Proceeds will be used to reduce group indebtedness, but will also allow Berisford to take advantage of opportunities for expansion.

First half profits of £4.64m., against £4.02m., have already been published and now the directors are forecasting for the year to September 30, 1975 a total of not less than £9.1m., compared with £7.59m. On this basis they intend to pay a final dividend of 3.412p net per share to make 5.912p. The new shares will not rank for the final but it is intended to at least maintain the same rate of dividend, 9.095p gross per share, in respect of 1975-76.

At September 30, the group had outstanding bank borrowings totalling £5.65m.

An EGM is called for November 20 to consider an increase in the authorised capital from £5.15m. to £9.15m. Dealings in the new shares are expected to start the following day. The company has been advised by County Bank and the brokers are W. Greenwell.

● comment

Berisford's profits forecast suggests a bumper second half. Overall the group has emerged at least a fifth ahead pre-tax for 1974-75 for earnings—on a sub-normal tax charge—of around 37p. That would cover the ex-rights yield of 7.4 per cent. some six times: and whereas the market has virtually marked time since June. Berisford has risen by very nearly two-fifths, with the shares up 2p to 221p yesterday.

Safeguard Industrial

Net revenue for the year to September 30, 1975, of Safeguard Industrial Investments advanced from £470,167 to £506,921 before tax up from £156,130 to £184,584.

The dividend is lifted from 2.7p to 2.8p per 25p share—costing £308,000 with a final of 2.1p.

The break-up value of the company at the year-end taking quoted investments at market value and unquoted investments at directors' valuation and deducting the par value of the Debenture stock, but before deducting the contingent liability to Capital Gains Tax, is £8,755,835 equivalent to 81.4p per share.

Birmid Qualcast up by £3.2m.

SECOND HALF profits of Birmid Qualcast showed a reduction from £6.44m. to £5.69m., leaving the total for the year ended August 2, 1975 at £10.71m.—an increase of £3.2m. on 1973-74.

When reporting the first half jump the directors warned that prospects for the second half should be viewed with a degree of caution, but they expected the full year's result to exceed that of 1973-74.

After tax and minorities and taking in extraordinary credits of £50,000 (£1.34m. debited) the year's balance attributable to holders emerges at £5.05m. compared with £2.36m. Stated earnings per 25p share are up from 5.6p to 7.6p.

The final dividend is 2.403p net, raising the total from 3.4p to a maximum permitted 3.628p.

	1974-75 £000	1973-74 £000
Turnover	161,468	120,829
Foundry	90,160	68,358
Heating	15,674	*9,367
Home and Garden ...	28,107	23,367
Wrought and engng.	27,527	19,417
Profit	[illegible]	8,917
Foundry	8,186	3,908
Heating	67	†25
Home and garden ...	8,604	2,601
Wrought and engng.	917	1,313
Net interest payable	261	220
Loan interest	517	517
Profit before tax	10,705	7,508
Taxation	5,578	3,778
Net profit	5,029	3,722
Minorities	26	21
Extra-ord. credits	50	§1,339
Attributable	5,053	2,362
Dividends	2,392	2,243
Retained	2,661	129

* Nine months. † Loss. ‡ Receivable. § Debits.

It is pointed out that the results of R. F. Hill and Potteron are included from September 4, 1973, and October 30, 1973, respectively.

Mr. B. K. Fitton, group managing director, reports that despite increasingly competitive conditions abroad direct exports, at £17.5m., were more than 50 per cent. higher.

Tight financial controls have enabled the group to significantly reduce the net overdrawn situation to £206,600 at the year end, compared with £5.23m. 12 months earlier. Total cash generated nevertheless limited the capital investment programme where expenditure incurred of £4.54m. was similar to last year.

The directors recognise that, in the current year, the attainment of profits in line with those just recorded will be difficult.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below is based mainly on last year's timetable.

TODAY

Interims:—Airflow Streamlines, Ambrose Investment Trust, British-Borneo Petroleum, Fortnum and Mason, Gieves Group, Guardian Investment Trust, Save and Prosper Linked Investment Trust, Sungei Besi Mines, Usher-Walker, B.S. and W. Whiteley.

Finals:—Baru Matang Rubber Plantations (1932), Beaverbrook Newspapers, Clifford and Snell, M.Y. Dart, Herrburger Brooks, Marionair International, Mitchell Cotts Transport, Patani Para Plantations, C. H. Pearce and Sons (Contractors), Pochins, Rand Selection Corporation, Sanderson Murray and Elder, Sungei Bahru Rubber, Wemyss Investment, George Whitehouse (Engineering), Wood Hall Trust.

FUTURE DATES

Interims:—	
Atkins Bros. Hosiery	Dec. 2
Beecham	Nov. 20
Brunning Group	Nov. 26
Elswick-Hopper	Nov. 13
Joseph (Leopold)	Nov. 17
Rothschild Investment Trust	Nov. 10
Scapa Group	Dec. 5
Seccombe Marshall and Campion	Nov. 17
Sumrie Clothes	Nov. 11
Walker (J. O.)	Nov. 10
Finals:—	
Anglo Scottish Investment Trust	Nov. 11
Burndene Investments	Nov. 11
Derritron	Nov. 12
Haighton and Dewhurst	Nov. 7
Jokai Tea	Nov. 11

English & Intnl. down at halfway

After lower management expenses of £29,900, against £33,800, and similar loan capital interest of £58,500, pre-tax revenue of English and International Trust dropped from £280,400 to £266,900 for the six months to October 5, 1975.

The interim dividend is being held at 1.05p net—last year's total was 3.15p from revenue of £321,183 after tax.

First-half gross income of £353,300 (£372,800) includes a contribution of £117,700 (£169,100) from Anglo-Scottish Amalgamated Corporation, the main wholly-owned subsidiary.

Tax charge is £116,000, against £123,500 and net revenue available for the Ordinary £132,700 (£138,700).

Net asset value per 25p share is 91.5p (61.5p).

Group Lotus loss midterm

FOLLOWING the sharp contraction from £1.16m. to £293,909 in 1974, Group Lotus Car Companies has run into a los of £235,000 in the first half of 1975.

The directors explain that revenue for the half year was primarily based on the sale of the Elite model only. The programme to return to a three-model product line was completed by the launch during October of the additional Eclat and Esprit models completing the new generation of Lotus cars.

Major new dealer appointments and demand for the new models in addition to the Elite will enable the company shortly to return to an acceptable level of activity, members are hold.

Since the company has been structured to be profitable at low volumes of production the new forecast market demands and production programmes will have an immediate favourable effect on profitability.

There is no interim dividend (1.63p)—the 1974 total was 2p.

	First half 1975 £000	1974 £000
Group sales	1,996	3,759
Loss before tax	235	*151
Net loss	119	*79

* Profit.

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Whitbread tops £18m. midway

INCLUDING £978,000, against £1,216,000, from Long John International—acquired in July, 1975—pre-tax profits of Whitbread and Co. expanded from £13.26m. to £18.39m. in the six months to August 30, 1975. The figure for 1974 has been adjusted for items dealt with through reserves. Turnover rose from £174.66m. to £219.92m. including £9.43m. (£11.31m.) from Long John.

The directors state that although sales are still holding up well it would be unwise in the uncertainty of current economic situations to make any firm forecast for the second half. Nevertheless full-year results should be "considerably better" than last year, when pre-tax profits were reported at £21.46m.

The interim dividend is lifted from 0.875p to 0.9338p net per 25p share. Last year's final was 2.0635p.

	Six months 1975 £000	*1974 £000
Turnover	219,917	174,664
Profit before tax	18,387	13,258
Tax	9,709	6,730
Extra-ord. debits	186	†477
Attributable	8,344	7,005
Pref. dividend	208	208
Interim Ord.	2,199	1,968

* Adjusted. † Credits.

The improved results stem from increased volumes members are told, particularly in the free trade. It is pointed out that the figures compare with a particularly poor first half of 1974-75. When looked at over a two-year period, profits for the half year have risen 13 per cent. against a 48 per cent. rise in inflation.

The turnover of Long John is not comparable owing to the reduction of its interest in Cowe and Simpson from 75 per cent. to 25 per cent. which was previously consolidated.

Following a quiet start to the year, the exceptional summer weather produced a sustained surge in sales of the company's national brands resulting in own beer volumes being well above the same period last year, outperforming the U.K. beer market growth and achieving further market penetration, say the directors.

Retail and catering operations, together with the wine and spirit business performed well and increased profits while the soft drinks business, aided by the weather, achieved excellent sales and profits.

Statement Page 2

See Lex

Cater Ryder

To reduce disparity, the directors of bill brokers and bankers Cater Ryder and Co. are paying a current year net interim dividend of 4.55p per £1 share. Profits for the half year to October 31, 1975 are "satisfactory, although not as high as for the corresponding period last year," they report.

In the full year to April 30, 1975 the company paid similar first and second interims of 1.675p and a final of 11.05p from net profits of £1.11m.

Tyzack & Turner progress

SECOND half pre-tax profit of W. Tyzack Sons and Turner improved from £205,383 to £271,374, making a total for the year to August 1, 1975 of £400,254, compared with £296,009. At halfway the directors said they were "quietly optimistic" about the immediate future.

A final dividend of 1.338425p net per 25p share, making a total of 2.463425p (2.3084p), has already been announced.

	1974-75 £	1973-74 £
Sales	3,127,939	2,170,038
Pre-tax profit	400,254	296,009
Tax	210,831	153,727
Net profit	159,423	*140,379

* Including exceptional receipts £7,597.

The company makes agricultural machine parts, light engineering products and machine knives and hand tools.

Lombard Australia

High interest costs and problems in the property sector have hit the profits of Lombard Australia, the subsidiary of Lombard North Central, National Westminster Bank's instalment credit company.

Lombard Australia has announced pre-tax profits down from £3.0m. to £1.64m. for the year to end-September. Its attributable net profit has fallen from £1.42m. to £1.2m. after extraordinary income of £222,000.

Interest paid rose from £11.6m. to nearly £14m. At the same time, the company reports that £921,000 of unpaid interest had been suspended, due from borrowers on secured real estate loans totalling £8.2m. and not brought into account.

Upsurge at Capper-Neill

AN ADVANCE in profit from £501,000 to £875,000, for the half-year to September 30, 1975, and a one-for-two rights issue to raise some £1.36m. are announced by Capper-Neill, the Lancashire-based process plant group.

This result is in line with the forecast made by the chairman Mr. W. P. Capper in June that current-year profits would show a further increase.

The current year has seen a high level of order intake maintaining the previous very substantial order book, the directors state. Bookings to date are more than sufficient to maintain this year's planned performance with much of this work reaching well into the following year.

Turnover of the group—which designs, manufactures and erects pipework, storage tanks and process plant for industry—advanced in the half year from £11.25m. to £18.47m.

The directors consider the time now appropriate to raise further permanent capital to provide the company with the financial base required to continue its expansion both in the U.K. and abroad by way of a rights issue of 5,076,205 new shares at 32p each to holders registered November 4. Underwriting by County Bank has been completed.

The interim dividend is 1.287p (1.2p) net, and the directors expect to recommend a final of the same amount on the increased capital. In the context of the rights issue the Treasury has agreed to the terms and dividend level.

In the year to March 31 1975 the pre-tax profit was a record £1.4m. and dividends totalled 2.3758p net.

● **comment**

The bull position in Capper Neill's shares seems to have been vindicated by the group's interim results which, in line with the momentum of 1974-75, show pre-tax profits ahead by 75 per cent. The shares rose another 6p last night to a new high of 56p, some 260 per cent. above the year's low. The company takes profits in the course of its contracts, so the benefit of a rising order book is reflected more rapidly than in the case of, say, Simon or Matthew Hall. The likely softening in demand for U.K. storage tank and petrochemical pipework by 1976-1977 could be offset by brewery/food manufacturing demand and overseas work, which is a rising proportion of the order book, but the pre-tax target of perhaps £2m. this year may be a peak. A £1.5m. rights issue cuts into bank borrowings, which have risen from £1.1m. at the year end to £2.7m. (in reflection of a 64 per cent. rise in turnover): the annualised yield at the ex-rights price of 49½p is 8 per cent. and the prospective p/e of average capital is 6 rising to around 7.8 for the following year.

Statement Page 38

Lower outcome seen by Peerage

First half 1975 pre-tax profit of Peerage of Birmingham is down from £113,000 to £96,000, but the directors report signs of improvement in world markets. Although they expect year end results to be less than 1974's £302,925, the percentage reduction "should not be greater than in the first six months."

In the first half trading throughout the world was "difficult" and exports decreased by 8.6 per cent. However, home sales were helped by the inclusion of £35,000 from Hodgetts Brothers and Co. not included in last year's figures.

The interim dividend per 10p share is raised from 0.5p to 0.55p net—last year's total was 1.2336p.

First half turnover was up from £1,276,328 to £1,282,572. Tax absorbs £50,000 (£59,000).

The company makes furnishing and ornamental brassware.

Goldring deficit—no interim

Manufacturers and distributors of sound reproduction equipment and components, Goldring incurred a loss of £76,088 in the first half of 1975. This compares with pre-tax profits of £110,670 for the previous first half which had been reduced to £19,949 by the year end.

There is no interim dividend. Last year there was an interim payment of 0.525p followed by a final of the same amount.

The directors say that the recession affecting the Hi-Fi trade continued to depress sales in the first half. This was aggravated by the imposition of VAT at the higher rate and although there was some increase in demand just prior to its introduction, no substantial re-stocking took place and stock levels remain high. The directors have therefore considered it desirable to make further prudent reserves against these stocks.

Although sales in the second half continue to be disappointing, the directors, having undertaken a review of costs are hopeful that losses in the second half should slow down. Closure of the Leytonstone factory at the end of the year should further cut operating costs, and given an improvement in the general trading position a return to profitability is expected by 1976.

	Six months 1975 £	1974 £
Sales	965,193	1,178,448
Loss before tax	76,088	*110,670
Taxation	—	58,000
Interim dividend	—	21,000
From reserves	76,088	†31,670

* Profit. † To reserves.

No less profit forecast by D. Dixon

In the current year results of David Dixon and Son Holdings, makers of woollen cloth and hosiery, have so far been better than in the corresponding period of last year, though the woollen cloth manufacturing mill is now finding it hard going and is operating a reduced working week, reports Mr. R. A. Palfreyman, chairman.

He tells members in his annual review that in the present economic climate it is impossible to make predictions but he expects 1976 results to at least equal those for the year ended March 29, 1975.

As known, profit before tax for that period was £192,000, compared with £388,000 the previous year. The dividend is 2.3722p, against 2.2359p.

Referring to the agreement in principle between Bank Bridge Group and David Nixon on the settlement of the £710,025 debt due to Nixon from Muring Securities, Mr. Palfreyman says that because the proposed settlement has not yet been finalised it is not possible to estimate the financial outcome of the settlement.

The chairman reports that the hosiery division has been particularly hard hit and despite the fact that the cost of labour, raw materials and services have continued to rise steeply, the company has been unable to obtain commensurate increases in selling prices, and profit margins have been drastically reduced. This fall in margins is the main reason for the reduction in group profits. Throughout the year the company has continued to improve and develop the underwear section, and sales were double those of the previous year. In the first quarter of the current year, turnover in this section "has already exceeded that of last year."

A breakdown of turnover—£6.44m. (£5.65m.)—and pre-tax profit shows: (£'000 omitted) Woollen cloth £1.49m. (£1.18m.) and £101 (£144), hosiery £4.95m. (£4.47m.) and £91 (£293). Parent company expenses were £49,000 in 1973-74.

RECENT ISSUES

EQUITIES

Issue Price p***	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p***	+ or —	Div. Amount	Times covered	Gross Yield	P/E Ratio
♣	F.P.	—	189	120	Corn Exchange	180	.....	b1.68	2.5	1.5	—
♣R3	F.P.	7/11	376	335	Elandsr'd G'ld Min'g 20c	350	—	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or —
£99¼	£10	30/1	10	9¾	Bristol (City of) 13¾% Deb. Stk. 1981	9¾	.....
£99½	£30	11/2	30¼	29½	Coventry (City of) 13½% Red. Stck. 1980	29½	.....
♣£100	F.P.	13/10	138½	115	Haslemere Est. 9½% '90-5	121	.....
£100	£50	9/1	51½	49⅞	Islington 13¾% Red. Stk. 1980	50¾	.....
£100	£50	9/1	49¾	47½	Do. 14% Red. Stk. 1985/6	47¾	.....
‡£98	F.P.	28/11	99½	98¾	Lee Valley Water 9% Red. Pref. 1980	99¼	—¼
$US100	F.P.	—	100	99½	Midland Bank Float Cap Notes '82	100	.....
$C100	F.P.	—	98	98	Noranda 9¾% Notes 1980	$C.98	.....
$US100	F.P.	—	98	98	Do.	$U.S.98	.....
£98	£25	23/1	27½	26	Norcros 15¾% Deb. 1990/95	26½	.....
‡60p	Nil	17/11	¼p	¼p	Single 10% Cum. Conv. Pref.	¼pm	.....
£100	F.P.	28/11	120	100	Spirella 14% Conv. 1990	112	.....
£98	F.P.	31/10	99½	98¼	York Waterworks 9% Red. Pref. 1980	99	.....

"RIGHTS" OFFERS

Issue Price p***	Amount Paid up	Latest Renunc. Date †	Latest Renunc. Date ‡	1975 High	1975 Low	Stock	Closing Price p***	+ or —
20	Nil	—	—	15½	10	Amal. Distilled Products	11pm	+1
25	F.P.	28/10	28/11	71	62	Babcock & Wilcox	69	—1
105	Nil	—	—	35	21	Cape Inds.	35pm	+4
55p	Nil	—	—	28	24	Debenhams	27pm	—1
35p	F.P.	6/10	14/11	62	48	European Ferries	62	+1½
60	F.P.	30/10	28/11	68	60	Grand Met. Hotels	68	+½
260	F.P.	28/10	12/12	375	330	I.C. Gas	370	+2
20p	Nil	—	—	97	82	Mines Holdings	92pm	.....
41	F.P.	29/9	14/11	74	50½	Norcros	72	+1
25	F.P.	30/10	9/12	80	59	Northern Foods	70	+1½
25p	F.P.	3/11	3/12	29¾	25	Peacock Sasini	28	.....
10p	Nil	29/10	31/10	27	25	Raybeck	26pm	.....
320p	F.P.	17/10	14/11	312	280	Royal Insurance	310	.....
50p	Nil	12/11	14/11	20	10½	Weir Group	20pm	+2½

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. n Forecast dividend: cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ¶ Offered to holders of Ordinary shares as a "rights." ♣ 298 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ♣ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♣ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. § With warrants.

MINING NEWS

Texasgulf find looks big

BY LESLIE PARKER, MINING EDITOR

THERE IS more news from Toronto about the North-West Territories base-metal find by America's Texasgulf first reported here on August 5.

The U.S. company, now effectively controlled by the Canadian Government's Canada Development Corporation, has given an initial ore potential for the project although it is still fighting shy of any indication as to when, or indeed whether, it will make a decision to develop the find.

Third quarter drilling is reckoned to have obtained "excellent results" with the central zone at Izok Lake some 225 miles north of Yellowknife probed over a strike length of 1,400 feet for an indicated ore content of over 7m. tons averaging 14.8 per cent. zinc, 3.15 per cent. copper, 1.2 per cent. lead and 1.85 ounces of silver a ton.

The ore is stated to be at "very shallow depth and suitable for an open-pit operation." The central zone, one of three, is still open to the east. The other two zones have not been delineated in any direction.

Canadian sources are already valuing the metal content of the discovery at over $1bn. (£476m.). In its August announcement Texasgulf warned that there were access problems to the site but that these would not be serious if the property proved to be a large potential mine. This it seems to be well on the way to becoming.

Quebec Sturgeon

UNDETERRED BY the recent indeterminate performance of the bullion price, Canada's Quebec Sturgeon River Mines is pressing on with development of its two major gold prospects at Bachelor Lake in Quebec and in the Timmins area of Ontario.

True, it has been decided to postpone the start of the major plant construction programme at Bachelor Lake until next spring. This has been dictated by two factors, the difficult current financing conditions and the cost escalation involved in doing such work during the winter.

Meanwhile, interim financing has been arranged to carry out some work at the mine and to press on with exploration of the Timmins prospect. Although Bachelor Lake is reckoned to be viable at $140 for gold (last night's London price was $146¼), management is obviously hoping for a higher level in order to facilitate the terms on which senior fund-raising, put at around $6m. (£2.85m.), can be effected through a consequent enhancement of the ore potential's value.

Hopes are high that further exploration will expand this potential and also raise the tonnage prospects at the Timmins property.

HIGHER S.A. GOLD SALES

South Africa is once again selling all its weekly output of newly mined gold, a notional 14¼ tonnes, plus some from reserves on the free market according to the latest figures issued by the Reserve Bank. In the week ended October 31, the Republic's gold holdings fell by R1.5m. to R528.2m. indicating that some 1½ tonnes were disposed of from reserves.

Around 1 tonne was sold in the previous week giving the impression that the free market has once again stabilised after the upheaval caused by the International Monetary Fund's proposals at the end of August which at one stage led to the Reserve Bank taking as much as 30 per cent. of new production into reserves. Certainly the metal's price has been steady enough in the past three weeks moving between $140 and $146 an ounce.

Meanwhile, in Johannesburg, the South African Finance Minister, Mr. Owen Horwood, said that a renewed rise in the gold price was almost certain once the economic recovery in industrial countries got under way. He added that this would be especially so if the recovery was accompanied by inflationary trends and he was confident that bullion would remain a monetary metal. Gold closed at $146¼ yesterday, its best since September 16.

Half-year rise for London Tin

INCREASED NET profits for the six months ended September 30 are reported by the major tin share holding company, London Tin. At £874,000 they compare with £711,000 for the first half of 1974-75 when total profits finally came out at £2.18m.

The rise in profits reflects the time lag in the receipt of dividends declared by the group's producing companies based on the high price of the metal in 1974. The average Penang tin price in the year to last March was $M1,118 per picul but in the six months to September the average has slipped to $960.

The current year's interim dividend, as recently announced, is unaltered at 1.4p; the total for the year to March 31 last was 7p. The shares, which were unaltered at 158p in London yesterday, have been a steady market of late reflecting a possible bid for the company in which the London-based Charter Consolidated could be involved.

Charter, which holds over 12 per cent. of London Tin, has a fair-sized stake in the much troubled Haw Par Brothers International which in turn is the largest shareholder in London Tin with just under 30 per cent.

ROUND-UP

Rio Tinto-Zinc says that owing to conversion into Ordinary shares the total of accumulating Ordinary shares in issue fell from 28.1m. to approximately 12.7m. in October. This is equivalent to 5.3 per cent. of the number of the issued shares, an amount which the directors consider justifies continuation of the scheme.

* * *

Precision Metal Forming, a member of Pillar Aluminium, which is a subsidiary of Rio Tinto-Zinc, has participated in the forming of Persian Metal Forms. The last named is constructing a plant in Iran to manufacture roll-formed steel and aluminium sheet products. The plant, which will have an initial process capacity of 25,000 tonnes of metal, is under construction at Ahwaz in a major development area close to the port of Khorramshahr and is expected to begin production in May, 1976.

* * *

The Iranian Finance and Economic Affairs Minister, Hooshang Ansari, says that his country has granted India a $630m. (£340m.) loan for the development and exploitation of the Kudramukh iron ore mine which is to be repaid by way of exports of the metal to Iran.

MINING BRIEFS

ANGLO AMERICAN CORPORATION—Coal division sales outputs for October; figures in tonnes: South Africa: Bituminous: Amalgamated Collieries of SA 525,657, Anglo Power 694,667, Bleskbok 43,063, Coronation 166,040, New Largo 114,316, South African Coal Estates 189,916, Springbok 177,633, Vierfontein 130,425, Vryheid Coronation 62,439, coke 40,227. Zululand Natal's Indumeni Colliery (coking coal) 30,081. Anthracite: Natal Anthracite 29,378, Balgray Colliery 18,399. Rhodesia: Wankie Colliery 264,634, coke 18,466. Swaziland: Swaziland Collieries 10,718. Botswana: Morupule Colliery 10,266. Total group output 2,341,021 (September: 2,258,091).

ST. PIRAN—Production of Tin metal contained in concentrates: October, Malaysia, 13 tonnes; U.K., treated 21,842 tonnes, produced 146 tonnes (September, 21 and 141 tonnes respectively).

PAHANG CONSOLIDATED—October: Lode Tin concentrates produced: 182 tonnes, sold 203 tonnes (September, 185 and 209 tonnes respectively).

London & Prov. Shop Centres advance

Gross rental income of London and Provincial Shop Centres (Holdings) increased from £625,364 to £713,468 in the year to June 24, 1975, and pre-tax profits advanced by 30 per cent. from £203,921 to £265,564 after a midway forecast of not less than £230,000.

Earnings are shown to be up from 1.36p to 1.76p per 10p share. The dividend is lifted from 0.8442p to the maximum permitted 0.9009p net with a final of 0.5274p.

A one-for-two scrip issue to holders on November 25 is also proposed.

Two-thirds of the completed investment properties have been revalued at £9,385,000, and this figure incorporated into accounts showing surplus of £776,000. Investment properties are shown at £14,173,500; and redevelopment properties £2,606,370, including a major office building in Slough, shortly to be completed. Net assets are £9,125,000 equivalent to 127p per share.

Rent reviews will add £100,000 to gross rental income during current financial year, members are told.

	1974-75 £	1973-74 £
Gross rental income	713,468	625,364
Profit before tax	265,564	203,921
Taxation	27,774	*45,234
Available	126,691	97,882

* Credit.

Outgoings attributable to development of £529,468 (£496,889) have been met by transfer from capital reserve.

BIDS AND DEALS

Permali likely to reject new 31½p BTR offer

BTR has increased its offer for Permali from 30p cash per share to 31½p. This latest move follows the purchase of 305,010 Permali shares at the same price from SAP Investment, a subsidiary of Permali S.A., which brings BTR's total holding up to some 46 per cent.

The Permali Board will make an official reply after studying the formal offer document, although it was clear last night that the latest bid would be rejected on the grounds of inadequacy. In the last rejection document, the Permali Board stated that it was not "implacably opposed to any offer," and it would seem that opposition is still a matter of price rather than principle.

Permali S.A. is the original French parent of the U.K. company. But apart from technical and commercial links, and a small equity holding prior to this latest sale, there are no strong links between the two companies.

Beaver's £1m. acquisition

BEAVER GROUP has agreed in principle to acquire from Mr. K. A. Oppenheim and family the capital of a private company, Cumberland Curled Hair Manufacturing, for £1,069,250.

The consideration comprises: £527,750 cash payable as to £263,875 on completion and the balance of £263,875 on December 31, 1975; the issue of £294,000 nominal 10 per cent. 1st Mortgage Debenture, 1976-78, redeemable at par, on or before December 31, 1978; and the issue at 55p per share of 450,000 Ordinary shares of Beaver, which will not rank for the interim dividend payable on December 12.

As a result of the acquisition, the vendors of Cumberland will hold 17.2 per cent. of the enlarged Beaver capital. They intend to hold these shares as an investment and, in any case, have undertaken to retain not less than two-thirds for a minimum of one year.

Cumberland makes high quality synthetic foams for the furniture, automotive, transport and caravan industries. The acquisition is in line with Beaver's expansion policy and it is intended to develop further markets for Cumberland's products.

In 1974, pre-tax profits of the Cumberland group totalled £198,629. Net tangible assets are of the order of £1m. including a surplus arising from the revaluation of existing freehold land and buildings.

60p wholly unacceptable to H. Morris

The directors of Herbert Morris have issued a statement rejecting as "wholly unacceptable" the 60p cash per share offer from Amalgamated Industrials which was made on Tuesday. The bid followed the purchase of a block of shares, representing 4½ per cent. of the equity from Griffiths Bentley (a subsidiary of BSG International), which brought Amalgamated Industrials' holding up to 38 per cent. of the Morris capital.

Amalgamated has also announced that its offer is conditional upon receiving acceptances of over 50 per cent. of the voting rights. The Morris directors "deplore this action which was taken without prior consultation despite the fact that two directors of Amalgamated, Mr. A. T. Smith and Mr. P. C. Hegard, are also directors of Morris." The Morris directors are to comment further following receipts of the official offer document.

APPROACH TO HARMO

News that Harmo Industries, a manufacturer and supplier of motor components, has received an approach which may lead to an offer for the company left the share price 10p higher last night at 36p. This places a market capitalisation on Harmo of roughly £6½m.

SHARE STAKES

London and Manchester Assurance has notified the United States and General Trust Corporation of the further purchases of 11,228 Ordinary shares in that company. Holding is now 1,037,511 (12.80 per cent.) Ordinary shares.

Slater Walker Securities, its subsidiary investment trusts, etc., are interested in 4,012,374 Ordinary shares of Estates House Investment Trust, representing 20.10 per cent. of the equity. This is not a disclosure under the Companies Act.

R. H. Edwards on October 15 acquired 137,341 House Property Co. of London Ordinary shares.

I.C.F.C. Group has bought a further 54,788 Ordinary shares in Estate Duties Investment Trust; total holding is now 5,529,886 shares (41.547 per cent.).

Howard and Wyndham has increased holdings in Ciro Holdings to 2,225,800 Ordinary shares (33.29 per cent.).

London and Manchester Assurance has bought a further 5,000 5.25 per cent. Cumulative Preference shares in Henlys making total holding 30,000 shares (16 per cent.).

BERKELEY JCB

Blackwood Hodge and Lex Service Group announce that Berkeley JCB, a newly-formed subsidiary of Blackwood Hodge, has signed contracts to acquire the operating assets of Lex JCB, part of the Lex Service group, for a price equivalent to the book value of the assets transferred, which at August 31 were approximately £700,000.

Berkeley JCB will hold the JCB franchise exclusively for Oxfordshire, Berkshire, South Beds, South Bucks, Essex, Greater London, Kent, Sussex, Surrey, Hants., Dorset and part of Wiltshire.

NO PROBES

The proposed mergers between Magnet Joinery and Southern-Evans and that of Daniel Doncaster and the ring rolling activities of Brown Bayley Steels are not to be referred to the Monopolies and Mergers Commission.

W. CUMBERLAND FARMERS

West Cumberland Farmers is to acquire the assets and liabilities of the W. B. Anderson group as from January 5, 1976. The Anderson companies will continue to operate under the existing management headed by joint managing directors, brothers Mr. John and Mr. William Anderson.

The Carlisle-based Anderson group was a wholesale fruit and vegetable business. It has expanded to cover an area stretching from Glasgow to Liverpool with 14 branches. It operates a vegetable grading and packing plant in Lancashire and has its own transport company. With 380 employees the annual turnover exceeds £7m.

WOOD HALL BUYS

Wood Hall Building Group, a subsidiary of Wood Hall Trust, has acquired A. F. Jeffery and Co. and its associated company S. J. Plant Hire. The purchase price is not being released for commercial reasons.

Pre-tax profits of A. F. Jeffery and its associate are running at roughly £250,000 per annum.

HAT GROUP

H.A.T. Group announces that, pursuant to the terms of the purchase agreements of Dec. 15, 1972 of D. B. Engineering (London) and Technical Installations Services, an additional 135,000 Ord. shares of 10p of HAT have now been issued to the vendors as final consideration.

Mid-term slump at Scottish Heritable

First half 1975 pre-tax profits of Scottish Heritable Trust fell from £225,700 to £91,200 and the chairman, Mr. A. Duncan says that the second half will probably show similar results.

While steps have been taken to eliminate the losses in the motor accessories and mail-order companies, where losses have continued into the second half. Profits for all of 1974 were £503,900.

First half earnings are shown to be down from 3.01p to 1.34p per 25p share. The interim dividend is effectively raised from 0.49p to 0.53p net. Last year's final was equal to 0.532p.

	First half 1975 £000	First half 1974 £000	Year 1974 £000
Turnover	3,989.3	3,501.9	7,398.0
Trading profit	249.8	378.6	511.9
Prop. & invests.	114.9	110.3	253.3
Carpets & floors	95.4	133.3	261.3
Hairdressing supplies	17.8	38.7	98.4
Mail-order sales	*37.0	3.1	12.9
Motor supplies	*44.4	6.8	*1.6
Plant hire, etc.	116.4	[illegible]	187.1
Expenses and int.	158.6	[illegible]	308.0
Profit before tax	91.2	225.7	503.9
Tax	30.2	[illegible]	204.4
Net profit	61.0	127.9	299.5
Pref. dividends	7.4	7.4	14.7
Attributable to Ord.	53.6	120.5	284.8
Ord. dividend	31.2	19.6	40.9

* Loss.

The chairman reports that profits of the distribution companies were affected by increased costs and restrictions of margins. In addition substantial losses were sustained in the mail-order business carried on by the hairdressing division, due to the falling value of the pound and increased VAT on goods imported and sold by this method. Against this the property and plant hire divisions traded well.

Fundinvest

Revenue of Fundinvest increased from £227,166 to £245,835 during the year to September 30, 1975, after tax of £134,889, against £114,751. At halfway net revenue was £112,083 (£108,526).

A final dividend per 25p income share of 0.928p raises the total from 1.493p to 1.661p, absorbing £184,585 (£165,916).

Net asset value per 25p capital share is 66.25p (10.5). Preference share dividends take £61,250 (same).

NEW COMPANY IN IRAN

Persian Metal Forms, a private joint stock company, has been formed by Mr. Hassan Oskoui and Iranian associates in partnership with Precision Metal Forming, a member of the Pillar Aluminium group (a subsidiary of the Rio Tinto-Zinc Corporation).

Persian Metal is constructing a plant in Iran to manufacture roll-formed steel and aluminium sheet products for sale principally to the building industry in Iran and export to neighbouring countries. The plant will have an initial process capacity of 25,000 tonnes of metal.

Muar River

Sir John Barlow, the chairman of Muar River Rubber says in his annual statement that the current price of 29.2p per kilo reflects insufficient industrial demand for rubber.

The big premium on the 1977 forward positions is a sign of a bear market and a hedge against inflation, and a sustained rise in the price of rubber cannot be expected until there is increased industrial activity throughout the world, he tells members.

On the current year he states that the crop harvested from April to September was lower than in 1974 and this, with a fall in the CIF price of rubber of 4p per kilo compared with the first six months of last year will mean that the agricultural profit will be lower, but it is hoped that dividend income will be satisfactory.

Sharp drop in St. Gobain first half earnings

BY RUPERT CORNWELL

PARIS, Nov. 5.

SAINT-GOBAIN-Pont-a-Mousson, the French chemicals and engineering group, to-day reported a sharp drop in first half net earnings, to only Frs.48m. (£5.5m.) compared with Frs.472m. (£54m.) at the interim stage last year.

The performance, however, is by no means disappointing when taken against the background of a recession that has hit the building and automobile sectors, on which the group is particularly dependent, very severely. The second half of this year should produce net income of around the same size—implying that Saint-Gobain will at least be profitable in 1975 when its two major competitors in France, Rhone-Poulenc and Pechiney-Ugine-Kuhlmann have already both announced that they will make losses.

Consolidated sales in the first six months reached Frs.10.67bn., only 3 per cent. above the Frs.10.37bn. in the first half of 1974. Group cashflow comes to Frs.526m. (Frs.988m.) and gross margins before depreciation and provisions to Frs.1.17bn. (Frs.1.51bn.).

Prospects are now beginning to brighten. Although net sales for the whole year will attain around Frs.21bn. (£2.3bn.), only marginally higher than 1974's Frs.20.9bn. the company points out that its geographical spread and diversification should cushion the worst impact of the business slowdown. In addition most divisions, especially those in Europe specialising in the construction and motor sectors should start to feel the improvement in industrial activity which is increasingly discernable in France—if not yet in certain other European countries.

If first half turnover is broken down by sector, the hardest hit was the construction materials division, whose sales dropped by 12 per cent. from 1974. Flat glass and textile fibre glass suffered most acutely, but the division as a whole is operating at a loss.

A boom in exports on the other hand helped the pipes and engineering side, whose share of total group turnover climbed to 21 per cent. from 18 per cent. The packaging division is more or less breaking even, while the contracting business is enjoying mixed fortunes.

Investments inevitably have felt the backwash of the generally depressed business climate. capital spending in the first half dipped to Frs.632m. from Frs.839m., and was financed primarily by cash flow and to a limited extent by disposals of assets in the steel industry—to the tune of Frs.416m. by the group.

Telemecanique confirms Thomson-CSF link

PARIS, Nov. 5.

LA TELEMECANIQUE Electrique, major French electrical concern, confirmed it is preparing a reorganisation of its minicomputer sector into a single subsidiary in which Thomson-CSF, the electronics arm of the Thomson-Brandt group, will have a minority share.

The new unit, to be known as Telemecanique Informatique, would have a turnover of about Frs.300m. and would account for roughly 80 per cent. of French mini-computer production. The move comes under the restructuring plans for the French data processing industry.

The unit will enbody Telemecanique's industrial data processing activities as well as the minicomputer and specialised applications division of Cie Internationale pour l'Informatique (CII), which is not involved in CII's merger with Cie Honeywell-Bull and of which the Thomson-Brandt group is a main shareholder.

Thomson-Brandt is known to want Government aid to offset expected losses and to re-equip CII's computer-making plant at Toulouse to the tune of about Frs.600m., and has made it clear that only subject to the clarification of CII's situation will the present venture get off the ground.

Telemecanique and Thomson are said to be ready to accept smaller companies working in the same field into the new unit in their effort to secure a larger share of the expanding world market for mini-computers and peripherals.

AP-DJ

Norway to raise Fls.100m.

By Michael Van Os

AMSTERDAM, Nov. 5.

THE KINGDOM of Norway is proceeding with a private placement outside Holland of 8 per cent. five-year Euro-guilder notes up to a maximum of Fls.100m. to be issued at 99.25 per cent. The notes are in bearer form and in denominations of Fls.10,000 each. They will be redeemed on November 15, 1980, and early redemption is not allowed.

Proceeds of the loan will be used outside Holland and the notes may not be offered or sold to residents of Holland or the U.S. They are being placed by a syndicate headed by Algemene Bank Nederland, Deutsche Bank and Kredietbank Luxembourgeoise, and including Amro, Mees en Hope and Pierson's.

*

The amount of the Eurobond issue by Trans Union Finance has been cut from Can.$20m. to Can.$15m. The coupon on the five year notes, however, remains as indicated at 10¼ with the issue price at par.

World Bank in Euromarket joint financing

By Mary Campbell

IN WHAT is believed to be the first ever joint financing by a multinational agency and Euromarket banks, the World Bank and a group of international banks headed by Bank of America are jointly providing loans for the expansion of steel production in Brazil.

The exact terms of financing have not at this stage been confirmed, but it appears that some form of guarantee by the World Bank for the Euromarket loan is likely to be involved.

The Euromarket loan is reported to be $55m. The borrower is the Brazilian steel concern, Companhia Siderurgica Nacional. The loan is believed to be in two tranches, one of $27.8m. for eight years and the other of $27.2m. for five years. Market sources suggest that the *spread on the longer term* tranche is 1½ and on the shorter term tranche 1⅜.

The World Bank is providing $95m. worth of finance for the project, which is designed to expand the borrowing company's raw steel production from 2.5m. tons in 1976 to 4.6m. tons by 1979. Market sources suggest that there could be a cross-default clause under which the World Bank could stop disbursing its own part of the financing if there is any default on the *loan being provided by the* commercial banks.

If it materialises in this form, the financing is likely to arouse considerable interest in Euromarket banking circles where the size of the borrowing requirements of the developing countries in coming years are viewed with considerable concern. Indeed, a number of banks believe that the technique of multinational agencies providing guarantees for Euromarket loans is one of the few, possibly the *only*, way in which the flow of finance for projects in the developing world can be assured.

Court ruling aids Winthrop in Winns bid battle

BY JAMES FORTH

SYDNEY, Nov. 5.

WINTHROP INVESTMENTS today received a strong boost in its lengthy battle to acquire retailer Winns. The New Sotuh Wales Court of Appeal ruled than an injunction be continued which prevents Winns completing a $A3.4m. deal to buy six retail stores.

As part of the deal Burns, Philp would be issued with Winns shares totalling 8.6 per cent. of the retailer's capital. The proposed sale was announced early in August, just ahead of a takeover bid from Winthrop, which then obtained an injunction preventing the deal going through.

In September the NSW Equity Court dissolved the original injunction but granted a second injunction pending an appeal by Winthrop. The Court of Appeal to-day ruled in favour of Winthrop. If Winns decides to persist it can appeal to the High Court of Australia or the Privy Council. This would almost certainly mean a lengthy delay before a decision is reached. It appears doubtful that Burns, Philp will be prepared to wait.

Burns, Philp retail stores, which trade under the name Mates, incurred a loss of $A1.7m. in 1974-75 and the Board decided to sell the entire 17 stores. It has already disposed of nine and successful completion of the Winns deal would have left only two.

Since the court wrangle started between Winns and Winthrop Burns, Philp has received approaches from other parties interested in some of the six stores Winns intended to buy. Burns Philp does not have a firm contract with Winns and may now decide to dispose of the stores to other parties.

At present Winthrop holds 27 per cent. of Winns capital. Burns Philps holds another 18 per cent. bought on the market after Winthrop announced its takeover offer. Burns Philp would no doubt want to sell its holding if it calls off the Mates deal Winthrop nitially bid $A1.1 a share and later raised its sights to dollars $A1.55. This offer lapsed and Winthrop cannot make a lower offer under stock exchange rules for another three months. It can, however, buy on and off the market.

The position is further complicated. Winns late last month revealed it had received other approaches. Leading retailer, Waltons, which was earlier thought to be linked with the Winthrop approach, admitted that it had held preliminary talks with Winns.

The Winns Board said to-day that its future action was not known at this stage but it would advise of any further developments as soon as possible.

In his decision Mr. Justice Samuels said the Winns Board did not explain to shareholders that they intended to enter into the transaction with Burns Philp in order, in part, to frustrate Winthrop's bid.

"Indeed, on the footing of the assumed facts, it is at least arguable that the motive was deliberately concealed," he said. "To my mind there was one material fact which was essential for the shareholders to know. That was that the directors were proposing ot act in breach of their duty. This fact the directors ought to have disclosed, but they did not do so.

"In my view, the shareholders never had before them the information which they required and the law demands," he added.

Custom Credit stagnates

BY JAMES FORTH

SYDNEY, Nov. 5.

CUSTOM CREDIT Corporation, a leading finance company, lifted profits by 13.5 per cent. in the year to September 30. The improvement was almost entirely accounted for by the cut in the tax rate in the 1975-76 Federal budget and a switch to tax effect accounting.

Declared earnings rose from $A10.4m. to $A11.8m. Tax was down from $A9.8m. to $A8.6m. On a pre-tax basis earnings only edged up from $A20.25m. to $A20.42m.

Custom Credit is wholly-owned by the National Bank of Australasia. Its results further emphasise the strong performance of industry leader Australian Guarantee Corporation, partly-owned subsidiary of the Bank of New South Wales, which last week reported a 28 per cent. profit gain to $A22.7m. Most of the financiers have reported lower profits, in several cases much lower.

Custom directors said the volume of business in all areas of finance decreased, excluding the company's specialist area—personal loans. This is reflected in figures, which showed gross receivables up 8.9 per cent. to $A651m. and net receivables up 7.8 per cent. to $A515m.

In 1973-74 gross receivables rose 29.7 per cent. and net receivables 25.8 per cent. Directors said the declines were most marked in consumer and commercial mortgages, and in leasing. Some improvement in demand for finance had been evident in recent months, although competition had also increased significantly.

Custom's insurance subsidiary earned $A644,950 compared with $A1.06m. in 1973-74. It was affected by substantial claims from Cyclone Tracy which flattened Darwin last Christmas Day.

Directors boosted the transfer to provision for doubtful debts from $A200,000 to $A1m., lifting it to $A6.35m.

Danish shipyard lay-offs

By Hilary Barnes

COPENHAGEN, Nov. 5.

DANISH shipyards are beginning to feel the effect of the international crisis in shipbuilding. Aalborg shipyard has announced that about 600 of its 3,000 workers will have to be laid off next spring, and the Burmeister and Wain shipbuilding and engineering group has warned that about 400 workers will have to be dismissed in the coming 18 months.

The B and W dismissals will affect the motor factory in Copenhagen, the turbo-charger division and the foundry division.

Chief executive Mr Jan Bonde Nielsen, who became majority shareholder in the motor factory last year, said the turbo-charger division is losing money and must be reduced in size

Dismissals in the motor factory are due to failure to obtain new orders for the company's giant two-stroke marine diesel engines. Mr. Nielsen also warned that lay-offs at the shipyard will become inevitable unless new orders are obtained by the spring.

The B and W group has lost money for several years, but Mr. Nielsen this week assured employees that the group's liquidity is good and there is no question of closing down either the shipyard or other divisions

Mr. Paulus Andersen, chairman of the metal workers union, confirmed after a meeting with Mr. Nielsen that the group's liquidity is in order and its economic situation was better than he had expected

More equities sought by pension fund

By John Walker

STOCKHOLM, Nov 5.

THE SWEDISH national pension fund has asked for government permission to invest a further Kr.500m. (£55m.) in company shares. The initial capital allowance made in 1973 amounted to Kr.500m. The fund is now stated to be down to about Kr.100m. The two Board members of the fund who represent private industry have recommended that the fund should be allocated only Kr.250m. (£27m.) more.

Nearly half of the original capital was invested during the fund's first year of operations. At the end of October the purchase value of the fund's share portfolio amounted to Kr.392m., or not more than one per cent. of total stock exchange values. Also the fund has acquired a number of new issues in companies in which it was already a shareholder Among others, it holds about 10 per cent. of the Volvo equity.

Lufthansa hopes for profit

BY GUY HAWTIN

FRANKFURT, Nov. 5.

LUFTHANSA, the West German airline, can be encouraged by its performance over the first nine months of the year. A decline in freight transport—only to be expected in recessionary conditions—appears to have been offset by an upturn in passenger carriage.

Between January and September, 1975, Lufthansa's passenger total rose by 5 per cent. or 365,695 customers to 7,616,293 from the previous year's total. However "the difficult situation of the world economy" led to an 8.2 per cent. fall in freight transport from 199,872 tonnes in the first three quarters of 1974 to 183,575 tonnes in the same period of the current year. The volume of mail handled by the airline remained virtually unchanged. It rose by 1.3 per cent. to 28,987 tonnes.

Hard work on capacity planning maintained the passenger load factor unchanged at last year's 56 per cent. The commercial load factor, however, fell by 4 per cent. from 60 per cent. during the first three quarters of last year to 56 per cent.—and it was careful capacity planning which again prevented this fall from being greater.

During the first quarter of the year the commercial load factor was some 7 per cent. below the comparable figure for the previous year. At the half year mark it was still 6 per cent. below the level of the first six months of 1974.

During the nine months period there was a 3.5 per cent. increase in kilometres flown to 140.7m. flight/kilometres. But the number of flights decreased slightly, falling by 1.4 per cent. to 107,937.

On the basis of these results, Lufthansa hopes to end the year without going into the red. For 1974, the airline reported net profits of DM64.5m. compared with a loss of DM45.7m. the year before. After paying no dividends for 1973, last year shareholders received DM2 per DM50 nominal ordinary share and DM2.50 per preference share.

While there are still three months of the year to go, the Lufthansa management are expecting turnover this year to total just under DM3.5m.—an increase of about 6 per cent. on last year's DM3.3bn.

Next year Lufthansa will be taking delivery of a DC10 Airbus to replace the Boeing 747 lost in Nairobi. A special combination freighter 747 will also be arriving. With the planned sale of four first series 707s, 1976 will witness a small increase in capacity. At present 1977 is seen as a year in which no new aircraft will be purchased.

Otto Versand sees zero growth

BY GUY HAWTIN

FRANKFURT, Nov. 5.

THE CURRENT year looks like being a relatively bleak one for the mail order business, according to Otto Versand, one of West Germany's leading mail order houses. The group is forecasting zero growth this year and is not expecting a real improvement until 1977-78.

Otto Versand, which to-day reported that the last business year was its best ever, said that turnover was expected to grow by a nominal 10 per cent. this year. Sales in the first seven months until September 30 were up 9 per cent. in cash terms but to expect a real growth rate of even 1.5 per cent. was, it said, probably too optimistic.

Much, of course, depends on the quality of the upswing that is predicted by many leading West German authorities for early next year. However, the Otto group said that important psychological factors could continue to depress trade, particularly if the present uncertainty persists.

Last year, however, was an excellent one for the group with substantial advances in turnover and profits. Otto's business year ends on the last day of February *so as to include the proceeds of* the year's Christmas sales, and 1974-75 saw an 11 per cent. hike in net profits from the previous year's DM48.9m. to DM54.3m.

Distributed profits, at *DM40.8m. were substantially* down on the previous year, following the allocation of DM13.5m. to reserves. There was an allocation to reserves in the 1973-74 accounts also and then the full DM48.9 net was distributed.

Group turnover for 1974-75 rose by 7.5 per cent. from the previous year's DM1.65bn. to DM1.77bn., while return on turnover was also slightly up. Real growth came in the mail order business where sales were up by 15.9 per cent. Here, a fall off in turnover from the group's department stores was picked up on the mail order side.

Holiday Inns staying in Europe

BY JOHN WICKS

ZURICH, Nov 5.

EUROPE IS of "primary importance" in Holiday Inn's development plans, according to Mr. Roy E. Winegardner, first Vice-Chairman of Holiday Inns, at the opening of the latest European Hotel of the leading international chain at Orly Airport. Mr. Winegardner emphatically denied recent reports that Holiday Inns is intending to pull out of Europe.

Referring to these claims and to reports that a French hotel chain was about to buy existing Holiday Inns, in France and Belgium, he said that "nothing could be farther from the truth." The opening of three Inns in Paris within 15 months was clear proof of this and the company was actively pursuing a policy of "selective expansion" in Europe.

In addition to the Paris hotels, additional Holiday Inns are to be opened in Europe in the coming months in Gosselies (Belgium), Cracow (Poland), Rome Airport and Marbella. An agreement has been signed for the building of the first Yugoslav Holiday Inn at Ljubljana, for three German units—in Darmstadt, Wuppertal and Essen—and for Scotland's first inn at Aberdeen. Several other locations were being investigated, said Mr. Winegardner. Holiday Inns, he said, believed that the tourism industry was once again coming into its own after the recession and oil crisis and that more and more people would be travelling again: the group intended to take full advantage of this.

At present, Holiday Inns has over 50 hotels operating in Europe—including five opened during the past 12 months—in a total of more than 1,700 units in 43 countries.

Chemie Holding pays same

BY JOHN WICKS

ZURICH, Nov. 4.

THE SWISS industrial holding company Chemie Holding Ems Ag, which owns the chemical and fibres manufacturer Emser Werke Ag, the process-engineering licensing company Inventa Ag, of Zurich and participations in two electricity concerns, is to pay unchanged dividends of Sw.Frs.35 per bearer share and Sw.Frs.7 per Registered share for the year ended April 30. Income from participations rose to Sw.Frs.1.88m. (Sw.Frs.1.87m.) and that from interest to Sw.Frs.700,000 (Sw.Frs.480,000) for the year.

Due to the world-wide recession in the prastics sector, however, the major subsidiary Emser Werke showed a sharp fall in profit from Sw.Frs.8.17m. to Sw.Frs.3.87m. for the same business period and has reduced its dividend for 1974-75 from 9 per cent. to 5 per cent.

Daiwa Kiko files for salvage

TOKYO, Nov. 5.

DAIWA KIKO Company, a *medium-sized residential land* developer in Hiroshima, said that it had filed with the Hiroshima district court for salvage under the Corporate Rehabilitation Law.

The company said that its total debts are estimated at about Y.20bn.

Teikoku Koshinsho, a private credit research agency, said that this will be the third largest business failure this year, after the failures of Kohjin and Terukuni Kaiun Kaisha.

Teikoku Koshinsho said that Daiwa Kiko, capitalised at Y.250m., grew rapidly during the 1972-73 land development boom period with gross sales for one year to March 1974 rising to Y.12.8bn.

However sales fell to Y.5bn. for the year to March 31, 1975.

Reuter.

Continued from Page 31

Long-term problems of British industry

ticular aspects of industrial performance.

But it would provide a framework which would relate NEDC's main discussions on industrial matters to the Government's own timetable. This would not preclude separate discussions with trade associations or similar bodies.

At this initial stage of development, the timetable for consultations must be treated flexibly.

As explained above, the preparation of a sound statistical base entails a good deal of work, because much of it is breaking new ground and requires the application of considerable resources to develop techniques.

Experimental

However, the aim is to produce an experimental analysis for consideration by the Council early in the New Year.

After discussion in the Council, the detailed examination at sectoral level could begin, although again at this stage it might need to be regarded as to some extent experimental.

Progress might usefully be reviewed by the Council about the middle of next year when revised medium term projections should become available

If we are to stick to this timetable the establishment of any additional groups that may be necessary will need to be set in hand quickly.

The Government recognises that the proposals in this paper deal largely with questions of method and procedure and that the Council cannot take a final view about the merits of the new approach until it has had the further paper we hope will be ready by the turn of the year.

They therefore invite the Council to agree that the further work that has been described should be undertaken and should be brought forward for discussion early in the New Year.

When these proposals have been put into practice, the Government will be in a position to examine the problems of a wide range of industries and companies against a coherent framework.

In playing its part in helping to deal with these problems the Government will use the whole range of its powers.

It will be able to frame its general economic policies so as to take account more systematically of the needs of industry. The NEB will be able to provide finance for companies in key sectors.

Selective financial assistance will be used to encourage and assist viable projects and the sectoral discussions should enable appropriate schemes, like those already adopted for the ferrous foundries, machine tools, clothing, and textile industries to be developed.

Purchasing

Public purchasing policies will be used constructively in order to develop the export potential of appropriate industries.

The MSC and its agencies will have a major role to play both in meeting the needs of growth sectors for suitable trained manpower and in easing the problems arising from industries shedding labour.

All these instruments must come into play immediately wherever they are appropriate. The Government is confident that they will make a still more valuable contribution to the necessary improvement of our industrial performance as the new strategy develops.

But the main responsibilities will lie with both sides of industry in the sectors and firms involved.

The Government promises to use the whole range of its powers in helping to deal with industrial problems. But the main responsibilities will lie with both sides of industry in the sectors and companies involved.

Belgian store in difficulties

ZURICH, Nov. 5.

GRANDS MAGASINS Jelmoli says that the Liege-based store Le Grand Bazar, in which it has a stake of 25 per cent., is in financial difficulties.

The Belgian Government, shareholders and creditors of the store have agreed on means to solve the problems, which will ensure its continued operation.

The parties concerned also agreed on the need to proceed urgently with a thorough reorganisation of Le Grand Bazar.

Jelmoli said that the liquidity crisis of the Belgian store is the result of the economic recession and inflationary pressures.

For the time being it does not intend to sell its stake as the problems should be solved with Government help which has been pledged in principle.

Jelmoli added that its financial situation will not be adversely affected in view of the modest capital amount involved.

Porr omits bonus dividend

By Paul Lendvai

VIENNA, Nov. 5.

ALLGEMEINE BAUGESELLSCHAFT *Porr Ag. one of* Austria's leading building companies, announced an unchanged dividend of 8 per cent. for 1975 but without the special 3 per cent. bonus paid in the previous year. Turnover in 1974 was up by 10.3 per cent. to Sch.2.06bn. and the company recorded a further increase of 2.5 per cent. in the first nine months of 1975.

The relatively good performance was primarily due to activities abroad. Production staff rose from 4,700 to 5,500 this year with 1,500 engaged in foreign projects, primarily in Iran.

Porr accounts for 3.4 per cent. of the entire building industry. About 49 per cent. of the business was due to public authority orders, the nationalised industries accounted for 13.7 per cent. and foreign orders for 5.8 per cent.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8½pc 1986	96	97
Ashland 8pc 1987	89½	90½
Austrawiss 9pc 1987	90	91
BFCE 9pc 1980	96¾	98¾
Borregaard 8½pc 1989	[illegible]	93¼
Carrier 8pc 1987	88½	89½
Conoco 8pc 1986	94½	95½
Consd. Foods 7½pc 1991	85½	86½
Cutler Hammer 9pc 1987	90½	91½
EIB 9½pc 1985	100	101
Esso 8pc 1986 Nov.	97	98
General Cable 8½pc 1987	86	87
General Motors 8½pc 1986	101	102
GTE 8½pc 1986	95½	96½
ICI 7½pc 1992	79	81
Nat. Grindlays 7½pc 1987	73	75
Pacific Light 9pc 1989	89	90
Prov. of Quebec 7½pc 1993	87	88
Quebec Hydro 8½pc 1992	97½	98½
Queensland 8½pc 1987	85½	86½
Scanraff 8½pc 1989	94¾	95¾
Shell 8pc 1986	94	95
Stand. Oil (Ind.) 8½pc '88	99	100
Tenneco 7¾pc 1987	86½	87½
Transocean 8pc 1986	94	95
TRW 8½pc 1986	98	99
Utah 8pc 1987	89½	90½
Volvo 9½pc 1985	99	100
NOTES		
Air France 9½pc 1982	100½	101½
Aust. Ind. Dev. 10½pc 1981	102½	103½
Barclays 7¾pc 1976	96	98
Cie Ntl. du Rhone 10pc '82	102½	103½
Du Pont 7½pc 1978	101½	102½
Esso 7½pc 1978	100½	101½
General Motors 8½pc 1976	100½	101½
Marubeni 9½pc 1982	100½	101½
Nippon Fudosan 10½pc 1981	102	103
Skand. Enskilda 10½pc 1981	103½	104½
Tenneco 7½pc 1979	98½	99½
[illegible] Curacao 10½pc 1981	102	103

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	78	80
Ashland 5pc 1988	76	78
Beatrice Foods 4½pc 1992	92	94
Beatrice Foods 4½pc 1992	101	103
Borden 5pc 1992	92	94
Broadway Hale 4½pc 1987	74	76
Canon Camera 7¾pc 1989	88	90
Carnation 4pc 1987	85	87
Chevron 5pc 1988	99	101
Dart 4¾pc 1987	79	81
Eastman Kodak 4½pc 1988	112	114
Economic Labs. 4¾pc 1987	76	78
Eldal 7½pc 1989	78	80
Fed. Dept. Stores 4½pc '85	128	130
Firestone 5pc 1988	88	90
Ford 6pc 1986	85	87
Ford 5pc 1988	75	77
General Electric 4¼pc 1987	92	94
Gillette 4½pc 1987	72	74
Gould 5pc 1987	96	98
Gulf and Western 5pc 1988	86	88
Harris 5pc 1992	66	68
Honeywell 6pc 1986	75	77
ITT 4½pc 1987	68	70
Komatsu 7½pc 1990	102	104
J. Ray McDermott 4¾pc '87	114	116
Mitsui 7½pc 1990	102	104
J. P. Morgan 4½pc 1987	94½	96½
Nabisco 5½pc 1988	90	92
Owens Illinois 4½pc 1987	85	87
J. C. Penney 4½pc 1987	75	77
Pioneer 6½pc 1989	158	160
Rank 4½pc 1988	41	43
Revlon 4½pc 1987	98½	100½
Sperry Rand 4½pc 1987	96	98
Squibb 4½pc 1987	81	83
Texaco 4½pc 1988	74½	76½
Toshiba 6½pc 1990	102	104
Union Carbide 4½pc 1982	101	103
Warner Lambert 4½pc 1987	90	92
Warner-Lambert 4½pc 1988	76	78
Xerox 5pc 1988	76	78

Source: Kidder, Peabody Securities.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Up another 6 on prime rate hopes

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Nov. 5.

THE RECENT RALLY GAINED momentum on Wall Street to-day, although the close was below the best on some late profit-taking.

The Dow Jones Industrial Average further recovered 6.14 to 836.27, after rising 10.24 to 840.37 at one time, while the NYSE All Common Index recouped 35 cents to $47.12. Rises led falls by a more than two-to-one majority, while the trading volume spurted ahead 5.82m. shares to 17.39m.

The Stock Market was encouraged partly by speculation the prime rate may be reduced again later this week.

General Motors were lifted $1⅞ to $56¾ and Ford Motor added $1 at $41⅞ on the Industry's higher October sales.

Chrysler firmed $¼ to $10⅞, despite its steep third-quarter loss.

Texasgulf picked up $1¼ to $30⅞—further drilling at Izok Lake in the North West Territories has "obtained excellent results," it stated.

Walt Disney gained $1⅞ to $50⅞ on a new Labour Agreement.

Cocoa-Cola rose $1⅞ to $83¼ on higher earnings. It also expects "another strong earnings gain" in the fourth quarter.

Chemetron added $⅝ at $31⅝ on a raised quarterly dividend to 35 (27½) cents a share.

Metro-Goldwyn-Mayer climbed $1¼ to $15¾ on higher earnings. It will also consider the declaration of a cash, or stock, dividend.

But Atlantic Richfield declined $3½ to $88 in the Oil Group.

Belco Petroleum slipped $1½ to $14½, following its sharply lower third quarter net.

The American SE Market Value Index moved up 0.45 to 83.04, with advances outnumbering declines by 336 to 206.

Media General "A," the most active issue, shed $½ to $13½ on 58,600 shares.

Syntex were up $¼ at $33¼ and Miller-Wohl advanced $⅜ to $30¼.

OTHER MARKETS

Canada up again

Canadian Stock Markets gained further ground in light trading yesterday.

The Industrial Share Index improved 0.79 to 168.98, Golds 3.38 to 279.10, Base Metals 0.87 to 72.23, Western Oils 2.62 to 194.13 and Papers 0.31 to 96.25. Only Banks, off 1.25 at 251.15, moved against the general trend.

Hudson's Bay Oil and Gas rose $1 to $34¼, while Transcanada Pipelines put on $⅛ to $10¼ on higher nine months earnings.

PARIS—Slightly higher on Wall Street's overnight rise, the drop in the French Call Money rate and the Patronat's report on an increase in French consumer demand.

Foods and Oils led the upward trend. Metals, however, were mostly lower.

Germans, Dutch, Golds and Coppers were steady. Americans were firm and Oils higher.

BRUSSELS — Predominantly higher in moderate trading.

Steels were mixed. Cockerill rose B.Frs.10 to 908 and Arbed B.Frs.45 to 3,850, while Clabecq fell B.Frs.80 to 4,400. Leading Metals were narrowly mixed. Union Miniere put on B.Frs.14 to 1,170. Electricals were steady.

Holdings tended lower. Among mixed Chemicals, Tessenderloo slipped B.Frs.22 to 1,350, and UCB advanced B.Frs.40 to 2,425. In firm Oils, Petrofina were lifted B.Frs.110 to 4,950.

U.S. shares rose across the board. South African Gold Mines further improved. Dutch and German issues were higher, while French stocks finished little changed.

AMSTERDAM—Slightly higher.

Internationals showed a mixed trend, Royal Dutch were up Fl.1 to 94.6 and Unilever Fl.0.40 to 105.6.

Bankings, Insurances and Shippings also closed mixed. Local Industrials were generally higher.

Bonds were unchanged to fractionally lower.

GERMANY—Markets opened generally firm but profit-taking left prices narrowly mixed.

Banks and Chemicals were well maintained, while Stores and Engineerings were mostly lower with Demag down DM3.90 to DM191 and Karstadt fell DM8 to DM446. Electricals, Metals and Motors were mixed with Siemens up DM1, Kloecknerwerke up DM1.5, Mannesmann up DM1.8 and Daimler up DM1.8, while AEG, BBC, Rheinstahl, Thyssen and BMW each lost ground. VW fell DM2.30.

Bonds were again narrowly mixed in quiet trading, with only negligible Official intervention.

SWITZERLAND—Markets followed Wall Street's overnight firmness, with major Banks, Financials and Insurances gaining ground.

La-Roche moved up Frs.3,500 to Frs.99,000 on heavy demand, but Nestle Bearer lost Frs.105 to Frs.3,225 and the Registered Frs.20 to Frs.1,610.

State Bonds fluctuated narrowly.

Foreign sector was rather quiet, with Dollar stocks slightly higher. Dutch Internationals were very steady and Germans narrowly mixed.

MILAN—Irregularly lower, with operators cautious on continuing uncertainty over the present Government.

Bonds were quietly firmer.

OSLO — Insurances were irregular.

VIENNA—Very steady, after showing limited advances.

COPENHAGEN—Mixed in very active trading.

TOKYO—Easier in slow trading. Volume 150m. (160m.) shares.

Electricals met profit-taking after rising in the morning supported by favourable results of Pioneer, off Y40 to 1,680.

Motors, Constructions, Non-Ferrous Metals, Pharmaceuticals, Machinery and Shipbuildings were easier in the absence of encouraging factors.

HONG KONG—Small gains in increased trading.

Hong Kong Bank moved up 20 cents to $HK16.20, Jardine 20 cents to 22.20, China Light 30 cents to 15.40, and Hong Kong and Kowloon Wharf 20 cents to 11.30.

Hutchison shed 1 cent to 1.73.

JOHANNESBURG—Gold shares were virtually unchanged in quiet trading. Financial Minings were harder.

Coppers gained a few cents, while Platinums traded at Tuesday night's levels.

AUSTRALIA—Markets firmed, helped by a revival of interest in energy stocks, led by Uraniums.

Pancontinental rose 6 cents to a new high of $A7. Peko were 5 cents to $A4.10, EZI 10 cents to $A2.87, Queensland Mines 5 cents up to $A4.10, EZI 10 cents to Investments 5 cents to $A1.30.

Woodside Burmah gained 3 cents to 90 cents.

Industrial trading was more patchy. BHP recovered 16 cents to $A6.74 and Bank of New South Wales gained 10 cents to $A6.26.

Indices

NEW YORK

DOW JONES AVERAGES

[illegible]

STANDARD AND POORS U.S. STOCK INDICES

		*Industrials	*Composite
Nov.	5	99.86	[illegible]
	4	[illegible]	88.51
	3	98.61	88.09
Oct.	31	99.74	89.04
	30	100.08	89.31
	29	100.19	89.39
	28	101.47	90.51
	27	100.52	89.73

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks...	Oct. 30	Oct. 23	Oct. 16
On Dividends...	6.50	6.47	[illegible]
On Earnings...	10.77	10.58	10.27

SYDNEY ALL ORD. INDEX

[illegible]

TOKYO NEW SE INDEX

[illegible]

STOCK AND BOND YIELDS

[illegible]

HONG KONG INDEX

[illegible]

WEDNESDAY'S ACTIVE STOCKS

[illegible]

SINGAPORE INDEX

[illegible]

IND. DIVIDEND YIELD p.c.

[illegible]

N.Y. SE ALL COMMON INDEX

[illegible]

RISES AND FALLS

[illegible]

AMERICAN SE MARKET VALUE INDEX

[illegible]

TORONTO

INDUSTRIAL INDEX

[illegible]

MONTREAL

INDUSTRIAL INDEX

[illegible]

COMBINED INDEX

[illegible]

JOHANNESBURG

[illegible]

EUROPE

[illegible]

Dollar firmer

The U.S. dollar continued to improve in the foreign exchange market yesterday, helped by recent indications that some European central banks are prepared to give support to maintain the value of the dollar at around its present level. There was little evidence of dollar purchases by the central banks yesterday, however, though the West German authorities were reported to have given a small amount of help to the unit. Most improvement was made during the morning, but the dollar remained very firm up to the close. Its trade-weighted average depreciation since the Washington Currency Agreement, as calculated by Morgan Guaranty of New York on noon rates, improved to 2.66 per cent., from 2.97 per cent. on Monday. The U.S. market was closed for a public holiday on Tuesday.

The German mark weakened to DM2.5705 against the dollar, compared with DM2.5590, and the French franc also declined, to Frs.4.3795, from Frs.4.3650.

Sterling lost ground against the dollar and was also weaker against most other major currencies. The pound began at $2.0675-$2.0685, and touched $2.0680-$2.0690 before easing to $2.0625-$2.0635, and closing at $2.0640-$2.0650, a loss of 60 points on the day. Sterling's trade-weighted average depreciation, since the Washington Agreement, as calculated by the Bank of England, widened to 29.3 per cent., from 29.2 per cent., and was also at 29.3 per cent. at noon and in early dealings.

Gold gained $2 to $145¾-146¾, but the volume of business was not heavy. The krugerrand finished at $149½-151½ (£72½-73½) in the domestic market, compared with $147-149 (£71-72). The coin's premium over its gold content widened to 3.08 per cent. for domestic delivery and 2.90 per cent., in international dealings, compared with 2.60 per cent. previously in both markets.

SPECIAL DRAWING RIGHT RATES

One SDR is equal to:	Nov. 5	Nov. 4
Sterling	0.573678	0.572530
U.S. dollar	1.18298	1.18445
Belgian franc	45.8286	45.7346
Deutsche mark	3.03730	3.03575
French franc	5.17702	5.17116
Italian lira	799.192	..
Japanese yen	857.201	357.704
Dutch guilder	3.12011	3.11866
Swedish krone	5.16903	5.14762

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Nov. 5	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf't.	—	[illegible]670-671	58.64-74	6.61-62	[illegible].30-31	[illegible] 27 37	[illegible] 25 36
N. York	38.88-91	—	22.84-86	2.5775-5810	2.0645-0660	37.86-89	37.62-24
Paris	170.50-70	4.3712-812	—	11.2825 310	[illegible] 32 565	[illegible] 66.54	[illegible] 955
Brussels	15.13-13	38.77 80	8.28 83	—	80.12 22	14 68 72	14.66 71
London	5.30½-31½	2.064-.65	9.03½-.4½	80 0.2	—	5.44½-45½	5.45½-46½
Am'erdam	102.735 785	2.5362-87	60.22 27	6.8055 8105	[illegible].448 4535	—	99.22 27
Zurich	102.72 85	2.5410 22	60.25-.4	6.7975 8075	5.455-467	100.00-12	—

U.S. $ in Montreal. U.S. $=101.70-72 Canadian cents. Canadian $ in New York. $ C=98.26-28 U.S. cents. U.S. $ in Milan 676.60 Sterling in Milan 1395.85

EURO-CURRENCY INTEREST RATES*

Nov. 5 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	11⅝-11⅞	5⅛-6	7-8	5⅛-5⅜	2¼-2½	1⅛-1⅝
7 days notice	11¼-11¾	5⅞-6⅛	7½-8½	5½-5⅜	2½-2¾	1¼-1½
Month	11¼-11½	5⅞-6	8⅜-8¾	5¼-5½	3⅜-3⅝	1½-1⅝
Three months	11⅞-12	6⅝-6⅞	8⅞-9⅛	5¼-5½	3⅞-4⅛	[illegible]
Six months	12-12⅛	7⅛-7⅜	9⅛-9⅜	5¼-5½	4⅛-4⅜	[illegible]
One year	12¼-12¾	7¾-8¼	9½-9⅝	5⅝-5⅞	[illegible]	[illegible]

Euro-French deposit rates short-term 6¼-6¾ per cent.; seven days' notice 6½-6¾ per cent.; one month 6⅝-6⅞ per cent.; three months 7-7¼ per cent.; six months 7¾-8 per cent.; one year 8¼-8½ per cent.

Longer-term Eurodollar deposit: two years 8¾-8⅞ per cent.; three years 9⅛-9¼ per cent.; four years 9¼-9⅜ per cent.; five years 9½-9¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5¹¹⁄₁₆-5¹³⁄₁₆ per cent.; three months 6⅜-6½ per cent.; six months 7⅛-7¼ per cent.; one year 7¹³⁄₁₆-7¹⁵⁄₁₆ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, and two days' notice for guilders and Swiss francs.

GOLD MARKET

	Nov. 5 1975	Nov. 4 1975
Gold Bullion (a fine ounce)		
Close	$145¾-146¾	$143¾-144¾
Opening	$144½-145½	$142¾-143¾
Morning fixing	$144.5 (£69.931)	$144.0 (£69.485)
Afternoon fixing	$145.9 (£70.620)	$144.0 (£69.498)
Gold Coins domestically		
Krugerrand	$149½-151½ (£72½-73½)	$147-149 (£71-72)
New sov'r'gns	$47½-48½ (£23-24)	$46-48 (£22¼-23¼)
Old sov'r'gns	$47½-48½ (£23-24)	$46-48 (£22¼-23¼)
Gold Coins int'rn'nally		
Krugerrand	$149½-151½ (£72¼-73¼)	$147-149 (£71-72)
New sov'r'gns	$44½-45½ ([illegible])	$43¾-44¾ ([illegible])
Old Sov'r'gns	$44½-45½ ([illegible])	$43¾-44¾ ([illegible])
$ 20 Eagles	$2[illegible]-230	$225-228
$ 10 Eagles	$117-120	$115-118
$ 5 Eagles	$76-79	$[illegible]-78

FOREIGN EXCHANGES

Nov. 5 1975	Bank Rates %	Market rates Day's Spread	Market rates Close
New York	6	2.0625-0690	2.0640-2.0650
Montreal	8¼	2.0940-1010	2.0990-1.0000
Amst'rdam	4½	[illegible]	[illegible]
Brussels	6	[illegible]	80.00-80.20
Copenhagen	7½	[illegible]	[illegible]
Frankfurt	3½	[illegible]	[illegible]
Lisbon	6½	[illegible]	[illegible]
Madrid	7	122.00-122.4	[illegible]
Milan	6	1,385-1,397	1,394-1,396
Oslo	5	11.35-11.56	11.36-11.56
Paris	8	[illegible]	9.03½-9.04½
Stockholm	6	9.00-9.05	9.01½-9.02½
Tokyo	6½	[illegible] 627	[illegible]
Vienna	6	37.45-37.75	37.55-37.75
Zurich	3	5.44-5.47	5.45½-5.46½

† Basic discount. ‡ Rates given are for convertible franc: closing financial franc 82.35-82.55.

OTHER MARKETS

[illegible]

FORWARD RATES

[illegible]

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—105¼% (105¼%).

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ♦

Nov. 5	Price Dm.	+ or —	Div. %	Yld. %
A.E.G.	85.7	—1	—	—
Allianz Versich.	469	......	17	1.8
B.M.W.	250	—2	14	6.0
BASF	144.6	+0.9	17	5.9
Bayer	120.4	—0.7	17	6.7
Bayer Hypo	315	+2	18	2.9
Bayer Vereinsbk	345	+4	18	2.4
Commerzbank	208	+2	16	4.3
Conti. Gummi	66	—0.8	—	—
Daimler	340.6	+1.8	18	2.1
Degussa	242	+2	16	3.8
Demag	191	—3.8	—	—
Deutsche Bank	320.2	+1.5	20	3.0

[illegible]

MILAN

[illegible]

PARIS

[illegible]

BRUSSELS

[illegible]

AMSTERDAM

[illegible]

SWITZERLAND ♦

[illegible]

COPENHAGEN

[illegible]

VIENNA

[illegible]

AUSTRALIA

[illegible]

TOKYO †

[illegible]

STOCKHOLM

[illegible]

OSLO

[illegible]

JOHANNESBURG

[illegible]

SPAIN ▼

[illegible]

FARMING AND RAW MATERIALS

Agreement to raise tin funds

NEWS OF a move to increase the buying power of the International Tin Agreement buffer stock, with a standby credit of about £20m., boosted prices on the London Metal Exchange yesterday. Cash tin gained £9 to £3,035 a tonne, but the three months quotation rose by £24.5 to £3,086.

Heads of delegations of the International Tin Council at a meeting in London yesterday to review the market situation agreed that the buying power of the buffer stock should be significantly increased.

Authorisation was given to negotiate another standby credit of about £20m. additional to the present facility of £16m. But a special meeting of the Tin Council will be held on November 17 to decide the exact amount of funds thought necessary for the buffer stock to maintain the objectives of the Agreement.

The ITC's existing standby credit facility was raised from £8m. to £16m. in June this year. At present price levels £20m. would be the equivalent of around 6,600 tonnes of tin.

The standby credit facilities are in addition to the original contributions made by member countries to the buffer stock, and any extra funds that were earned during the course of the Agreement, which it is believed are equal to between 14,000 to 15,000 tonnes of tin.

At the end of June the buffer stock held nearly 12,000 tonnes, and has undoubtedly had to acquire further sizeable amounts subsequently.

HK commodity exchange delay likely

HONG KONG, Nov. 5.

TRADING ON the proposed Hong Kong commodity exchange is likely to be delayed until April or May 1976 instead of February or March as initially hoped, a spokesman for the organising consortium said here.

Mr. John Wilson, the consortium's chief executive, said that the group was in the middle of working on proposed regulations and specifications and the Government was drafting a commodities ordinance.

It may be the end of the year before all the documents are ready for submission to the Colony's Executive Council. Government officials said regulations have been drafted for the exchange itself but not for the first two markets—cotton and sugar.

Reuter

U.K. meat products prices expected to increase

BY PETER BULLEN

HIGH PRICES and supply shortages of manufacturing meat over the next year or two were forecast yesterday by Mr. Bill Newton Clare, chairman of the Meat Manufacturers' Association.

Manufacturers were worried about the slow response of Britain's pig producers to recent better prices, he told the MMA's annual luncheon in London.

"We remain uneasy about our raw material supplies and future markets. Home-produced beef will be in reduced supply from the third quarter of next year onwards, and in consequence we are anticipating that pigs will be even higher in price by the last quarter of next year," he said.

Looking further ahead, he said he believed that manufacturers would be looking for more pigs to keep prices steady into 1977 but they would not be there.

The situation was no better for those who relied on beef as their main manufacturing meat. The forecasts were that in 1976 supplies from the U.K. and EEC will be short and high in price. If butchers' beef continued to be subsidised and imports of manufacturing beef were not allowed into the EEC from third countries, beef canners' prospects would be bleak.

Mr. Newton Clare appealed to Mr. Fred Peart, the Minister of Agriculture, to use his influence to create a fair competitive environment for the industry and to retard inessential legislation which would add to costs.

Green Pound

The negative cash flow over recent years and the combination of the Price Code and highly distorted market conditions had meant that many companies were losing money. "Some have ceased trading, others have closed down factories or are in the process of doing so, and there has been a substantial reduction in the labour force of between 5 and 10 per cent.," he added.

He welcomed the Government's success in negotiating four revaluations of the Green Pound but pointed out other EEC countries still enjoyed an export subsidy of about 8 per cent. on bacon, ham and other canned pigmeat products sent to Britain. This ought to be redressed, he said.

Replying, the Minister said he would continue to put his weight behind the EEC Commission's moves to relax import restrictions on manufacturing beef supplies. "In particular I shall press for the reintroduction of the two schemes for importing non-Community frozen beef for processing at reduced or nil levy," said Mr. Peart.

On pig supplies he said the September livestock returns published by the Ministry yesterday showed a better picture. There were 17 per cent more gilts (young sows) in-pig than last year, an increase of 14,000. (The total breeding herd of 693,000 was 6,000 or just under 1 per cent. above the June figure but 53,000 or 7.1 per cent. below the September 1974 level.)

There were clear signs that producers were responding to higher market prices by expanding the breeding herd, he said.

● Our Copenhagen Correspondent writes: The latest Danish pig census shows a herd of 8m. on October 3 — an increase of 73,000 since August 1 — but 300,000 fewer than a year ago. The number of sows in-pig fell by 5,000 to 537,000 between August and October, and was down from 563,000 in October last year.

EEC supply fears boost sugar

BY OUR COMMODITIES STAFF

WORLD SUGAR values advanced firmly on the London futures market yesterday, reflecting higher prices paid in physical transactions and a report of a cut in the Community beet crop estimate close to last year's level despite the big rise in plantings.

The London daily price for raw sugar was raised by £7 to £170 a ton, while the white sugar price went up by £4 to £181, in line with physical trades reported yesterday morning. In the futures market the March position climbed to over £173 at one stage, before closing at £171.10 as a result of the U.S. market failing to sustain the upward trend.

A Reuters report from Brussels claimed that EEC sugar experts now calculate the Community's beet crop could produce as little as 9.5m. tonnes of white sugar. This compares with earlier hopes of an 11m. tonnes out-turn and last year's poor crop of 9.1m. tonnes.

This estimate, and fears that the Soviet Union may come on to the world market as a major buyer, are expected to result in a virtual ban on EEC sugar exports during the coming months. The situation could continue until the end of next March unless Soviet intentions become clearer at the end of the year.

Unfavourable weather in the closing weeks of the season have sharply reduced the sugar content of the beet, it was said. So despite a 15 per cent. increase in the area planted, production could be almost as low as last year since the estimate includes some 200,000 tonnes of white sugar from cane imported from the French overseas territories.

Soviet purchases could have a major impact on the EEC's supply and demand situation because of an arrangement made last year whereby the EEC Commission gave importers the right to export from the Community, free of export levy, 475,000 tonnes of white sugar between October 15 this year and March 31, 1976.

This option will become attractive to most traders only if the world price rises significantly above the Community level. This would almost certainly happen if the Soviet Union became a big buyer.

Traders do not have to take a final decision until the March 31 deadline so the Commission will not know until then how much of the 475,000 tonnes will be exported from the EEC.

Dairy and beef herds decline

THE NATIONAL dairy breeding herd has declined by 166,000 or 5.8 per cent. compared with a year ago, the Ministry of Agriculture September farm census sample showed yesterday.

The beef herd was also down by 37,000 or 3.5 per cent. bringing the total cattle breeding herd to 3,713,000—5 per cent. below the September 1974 figure.

The egg-laying flock showed a very small rise of 67,000 or 0.2 per cent. but the number of growing pullets was up 1.5m. or 11 per cent. and the number of birds kept for breeding rose 8 per cent. from 4,064,000 to 4,400,000.

Although the number of part-time workers remained virtually unchanged, the number of full-time male workers fell by 8,000 (4.8 per cent.) to 157,600 and female by 2,000 (11 per cent. to 18,600.

Plan to lift butter 'pay' for NZ

By Robin Reeves

BRUSSELS, Nov. 5

THE EUROPEAN Commission has proposed an 18 per cent. increase in New Zealand's "take home pay" from its butter and cheese sales in the U.K. The rise, to offset increased costs, would take effect from January 1, but should not mean dearer shop prices since it will be met by cutting EEC import levies on NZ butter and cheese.

However, there is an outside chance that the proposal may be interpreted by the U.K. Government as EEC back-sliding on the "renegotiation" commitment on NZ dairy products (won by Mr. Wilson at the Dublin summit of EEC government heads in March) at next week's Farm Ministers meeting here, when it is expected to come up for approval.

Besides guaranteeing continuous access for NZ butter and cheese after 1977, the Dublin agreement also laid down the criteria for periodic price adjustments. These included the development of community and world supply and demand for dairy products and, most important of all, that the NZ price should have regard to the prices paid to EEC producers.

The issue will become controversial, if the Government chooses to interpret the Commission's proposal as taking no account of the Community price. The present price received by NZ dairy producers is only 41 per cent. of the full EEC level and the proposed adjustment does little to narrow this gap. At the moment they receive £525.56 a ton for butter and £453.79 a ton for cheese, both cif. The difference between this "take home pay" (minus freight) and U.K. market prices are levies of £283 a ton on butter and £409 a ton on cheese.

Small rise in world copper stocks

By Our Commodities Staff

WORLD REFINED copper stocks in September showed the smallest monthly increase for several months, according to estimates issued by the American Bureau of Metal Statistics in New York yesterday, reports Reuter.

The Bureau calculated the rise in world stocks in September at only 11,000 short tons to a total of 1,109,000 tons, compared with increases of 53,000 tons in July and 81,500 in August.

NORTH SEA FISHING

Why Denmark needs a bigger herring quota

BY HILARY BARNES

COPENHAGEN, Nov. 5.

THE DANISH Government's decision to stop all fishing for North Sea herring as from Friday is seen here in part as intended to bolster Denmark's position at the meeting of the North East Atlantic Fisheries Commission (NEAFC) in London next week, at which the Danes will play a crucial role.

The general problem facing all North Sea fishing countries is the urgent need to rebuild herring stocks. At the NEAFC meeting in May, a total catch allocation for all countries of 254,000 tons was made for the 18 months to the end of 1976. The Danish qutoa was 69,000 tons, a cut of two thirds from their quota of 210,000 tons for the previous 12 months.

The Danes rejected this quota as unfair and lodged a protest with NEAFC.

The Danish fisheries are mainly for industrial processing into fishmeal and oil. The fish used for this cannot be landed without a significant by-catch of herrings.

This means that if the Danish fleet of almost 1,000 vessels cannot land herring, an entire industry faces the threat of shutdown. This problem either does not arise, or arises only to a small extent, for the other North Sea fishing nations, which use the catch mainly for human consumption.

Potential collapse

Last summer the Danes, rejecting the NEAFC quota, imposed their own quota for the rest of 1975 of 30,000 tons of herring for industrial use and 5,000 tons for consumer use. When this quota was exceeded, the Government banned further herring catches this year.

At next week's NEAFC meeting, the Danes will be pressing the other nations to show a sense of proportion, said Mr. K. Loekkegaard, the Fishery Ministry official who will head their delegation. "Why should we give up fishing 1.2m. tons of other types of fish so that the Belgians can land 1,000 tons a year of herring?" he asked.

It was a question of weighing the biological need to rebuild herring stocks against the potential collapse of a major industry, he said. There was no shortage of the main types of fish used by the Danish industry.

If no agreement can be reached on herring at the NEAFC meeting, the entire system of limiting North Sea fishing through voluntary quotas may be endangered. Mr. Poul Dalsager, the Danish Fisheries Minister, is already under attack here and if a more realistic quota is not awarded to Denmark, it seems inevitable to observers that Denmark will unilaterally allot itself a quota

There are about 3,000 fishermen and another 1,000 people employed in processing industrial fish, as well as about 500 employed in processing fish for human consumption. Though the factories could obtain fish from other nations, the Danish fishermen are threatening to blockade the ports rather than allow this to happen.

German ruling on futures debts

BY A. H. HERMANN

CLAIMS AGAINST private German speculators arising from deals in commodity futures are not enforceable, even if the deal was concluded for the German client by a foreign broker on a foreign market and under a law which, like the English law, does not protect the speculator. This has been decided recently by the Federal Supreme Court in Karlsruhe.

The Supreme Court has confirmed the Frankfurt court's decision not to enforce a U.S. judgment for $100,754 due to a New York broker by his German client.

The German client, a Frankfurt resident of considerable means, is said to have engaged in an export and import business but was entered into the Frankfurt Register of Merchants only in July, 1971, after he incurred a "natural" debt from deals in cocoa futures on the New York market.

He opened an account with a U.S. company of brokers operating on the New York cocoa market in March 1967, providing an initial cover of $22,649 and instructing the broker to operate on his behalf.

A steep fall in cocoa prices resulted in a loss and a debit balance of $73,421 by July, 1967, when the account was closed by the client. The deals therefore took place before the client became a "Registered Merchant" in Germany.

As the client did not pay, the broker obtained from the U.S. District Court a judgment for the balance of the account plus interest and legal costs. The U.S. broker then applied to a Frankfurt court for execution of the American judgment.

The jurisdiction of the U.S. court was not contested as the deals were clearly to be completed in New York. However, the German court refused to recognise the U.S. judgment holding it to be contrary to the aims of German legislation in this field.

Ever since 1908, German law has been treating futures, and options as gambling or betting, withholding court assistance in the enforcement of resulting debts except in specified circumstances.

As far as options in shares and other securities are concerned it is enough if the security is listed by a bourse or stock exchange and the deal is made binding for a private speculator by a cash deposit. In the case of commodity futures, however, the cash deposit does not heal the private speculator's special position.

Only those fully responsible for debts from deals in commodity futures are admitted as members to a bourse or market, those who carry on a business in futures, bankers and finally persons entered in the Register of Merchants, provided that their operations exceed the "small business" category.

In rejecting the appeal the Federal Supreme Court confirmed the view of the lower court that the German Boersen Act is a collision norm of the German international private law which extends the application of German law over certain contracts even if concluded in foreign markets for delivery or completion abroad.

The decision has provoked a considerable discussion in German business Press and some experts have called for a review of the law and new legislation which would give a better protection to German as well as foreign commodity brokers dealing on behalf of private clients.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Edged upwards on the London Metal Exchange. Prices opened around Tuesday's higher late Kerb levels, there being no U.S. markets overnight. Forward metal traded up to £606 before attracting profit-taking and stop-price sales which caused a reaction to £602. A firm opening to Comex

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	581.5-2	+4.5	581-.5	+1
3 months	603-.5	+4	602.5-3	+1
Settlem't	582	+4.5	—	......
Cathodes				
Cash	567-8	+4.75	567 8	+.5
3 months	588 9	+4.5	588.5-9	+.25
Settlem't	568	+5	—	......
U.S. Smt.	—	......	*63-65.7	......

stimulated a recovery here in the afternoon and forward metal traded back up to £605 before ending at £604 on the afternoon Kerb. Turnover, 8,700 tonnes.

Amalgamated Metal Corporation reported that in the morning cash wirebars traded at £582.50, 82, three months £605, 04, 03.50, 03, 05, 05.50, 05, 05.50, 05, 03.50, 04, 03.50, 03. Cathodes: cash £567.50, three months £589.50, 89. Kerb: Wirebars: three months £602.50, 02, 01.50. Cathodes untraded. Afternoon: Wirebars: cash untraded, three months £604, 05, 04.50, 04, 03, 02.50. Cathodes, cash untraded, three months £589. Kerb: Wirebars, three months £603, 03.50, 04. Cathodes untraded.

TIN—Forward metal moved sharply higher during afternoon trading following news that the ITC had been authorised to negotiate up to a further £20m. of standby credit to strengthen the buying power of the buffer stock manager. This prompted speculative buying which took forward metal up to £3,090 before the price ended at £3,085 on the afternoon Kerb. The contango widened to £50. Turnover, 540 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	3021-3	+5	3034-6	+9
3 months	3063-5	+11	3086 7	+24.5
Settlem't	3023	+5	—	......
Standard				
Cash	3021-3	+5	3034 6	+9
3 months	3063-5	+11	3085 7	+24.5
Settlem't	3023	+5	—	......
Straits E	1893½	+1½	—	......
New York	—		311.00	......

Morning: Standard: cash £3,023, early Dec., three months £3,065, 67, 65. High Grade untraded. Kerb. Standard, three months £3,063. High Grade untraded. Afternoon: Standard: cash £3,035, three months £3,075, 80, 82, 83, 85, 90, 85, 87. High Grade: all untraded. Kerb: Standard: three months £3,088. High Grade untraded.

LEAD—Speculative interest in an otherwise quiet market pushed prices higher in line with the general firmness of other metals. Turnover, 2,725 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	167.25-.5	+1.82	168.5-9	+2.82
3 months	174.75-5	+1.62	176-.25	+2.87
Settlem't	167.5	+1.5	—	......
N.Y. Spot	—	......	19-22½	......

Morning: Cash £167.50, 67, 67.25, three months £175, 75.50, 75.25, 75. Kerb: Cash £167, three months £174.75. Afternoon: Cash £168.50, three months £175.50, 76, 76.25, 76. Kerb: three months £176.25.

ZINC—Higher again. Short-covering against recent European and U.S. physical demand pushed prices higher with forward metal trading up to £362.5 at one time. There were no reports of any producer interest in the market. Turnover, 4,875 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	352-.5	+.875	351.5-2	+1.5
3 months	361.5-2	+1.5	362-.5	+5
Settlem't	352.5	+1	—	......
Prm. West	—	......	*58½-9	......

Morning: Cash £353, 52.50, 52, three months £362, 63, 62.50, 62, 61.50. Kerb: three months £361.50. Afternoon: Cash untraded, three months £361.50, 62, 62.50, 62. Kerb: three months £362.

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

SILVER

Silver was fixed 2.5p an ounce higher for spot delivery in the London bullion market yesterday at 208.2p. U.S. cent equivalents of the fixing levels were: Spot 430.5c, up 4.9c; three-month 438.6c, up 5c; six-month 447.7c, up 5.1c; and 12-month 467.8c, up 5.7c. Silver began at 207½-208½p (429-431c) and improved to 208.2-209.2p (430-432c) at the close.

SILVER per troy oz.	Bullion fixing prices	+ or —	L.M.E. close	+ or —
Spot	208.2p	+2.5	208.65p	+2.35
3 months	214.8p	+2.6	215.3p	+2.45
6 months	221.5p	[illegible]	—	......
7 months	—	......	224.25p	+2.3
12 months	235.3p	+2.9	—	......

LME—Turnover 192 (183) lots of 10,000 ozs. Morning: Three months 215.1, 15.3, 15.5, 15.3, 15.4, 15.3, 15.2, 15.1, 15.2, 14.8, 14.9, 14.8, 14.6, 14.7. Kerbs: Three months 214.7. Afternoon: Cash 208.5-08.7; three months 215.8, 16.0, 15.8, 15.6, 15.5, 15.2, 15.2, 15.3, 15.4, 15.5, 15.3, 15.2, 15.1, 15.2. Kerbs: Three months 215.2, 15.4, 15.3.

COCOA

Prices moved higher during the day in generally quiet conditions to close fully steady, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No.4 Contract			
December	695.0-95.5	+4.0	697.0-87.0
March	664.5-65.0	+6.5	666.0-56.0
May	642.0-43.0	+6.0	643.0-37.0
July	626.0-28.0	+4.0	629.0-24.0
September	617.0-20.0	+3.0	616.0
December	605.0-07.0	+4.0	606.0
March	603.0-04.0	+4.0	602.0

Sales: 1,338 (2,348) lots of 10 tonnes.

International Cocoa Agreement prices: Not available owing to holiday in New York.

FREIGHTS

DRY CARGO—Yesterday's partial election day holiday in the U.S. had a restricting influence on chartering, which, even by recent standards was slow. Grain bookings included cargoes from the Great Lakes to Seaforth at $20 f.i.o. for Nov. and from the U.S. Gulf to the Netherlands at $6.55 f.i.o. for Nov., also from Chicago to Ghent/Hamburg range at $19 f.i.o. for Nov. Most other sections of the market were lifeless but charterers booked a vessel of 23,265 long d.w.t. for a voyage from Japan to Boston/Galveston range at $3.60, Nov., and a vessel of 18,900 long d.w.t. for a trip from the Continent to Mid. East Gulf at $4,200 daily Nov. A vessel of 22,312 long d.w.t. was booked for a voyage from Japan to the Mid. East Gulf via British Columbia at $4,200 daily Nov.

COFFEE

Robusta futures moved over a wide range during afternoon dealings with commission house buying initially pushing prices to the day's highs—up to £8 higher on balance. But an unexpected weakening in New York caused local profit-taking, long liquidation and touched off some stop-loss orders which pushed prices to the day's lows by the close. Arabicas closed 80 points to 50 points down on balance in sales of 17 lots.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
November	710.0 2.0	—1.50	710.0-10.0
January	710.0 1.0	—2.50	721.0-10.0
March	709.0-10.0	—3.0	720.0 09.0
May	709 0-10.0	—5.50	720.0 08.0
July	712.0-3.0	—4.0	722 0-12.0
Sept	714.0-5.0	—4.0	724.0-16.0
November	716 0-7.0	—3.50	720-8.16.0

Sales: 939 (1,439) lots of 5 tonnes.

ARABICA CONTRACT (in order buyer, seller, business, sales)—Dec. 89.50, 89.90, 90.00, 89.80, 2; Feb. 87.50, 88.10, rest nil; April 87.50, 88.30, 88.70, 88.50, 6; June 88.00, 88.60, 88.90 only, 2; August 88.50, 89.00, rest nil; Oct. 89.65, 89.75, 90.00, 89.70, 7; Dec. 89.00, 90.00, rest nil; total sales: 17 lots.

RUBBER

STEADIER opening on the London physical market. Good interest throughout the day. Closing firm. Lewis and Peat reported a Malaysian godown price of 140 cents a kilo (buyer, November).

No. 1 R.S.S.	Yesterday's close	Previous day's close	Business done
Dec	54.00-55.00	55.00-54.10	—
Jan.	55.00-55.05	55.50-54.55	55.00
Jan.-Mr.	55.20-55.50	54.20-54.40	55.30-54.50
Ap-Jun.	56.65-56.70	55.55-55.55	56.75-55.70
Jy-Sept	57.65-57.70	56.50-56.65	57.70-57.10
Oct-Dec	58.85-59.00	57.85-57.95	59.10-58.50
Jan-Mr.	40.00-40.10	39.00-39.10	40.00-39.75
Ap-Jun.	40.95-41.10	40.10-40.25	—
Jly-Spt	41.85-42.25	40.90-41.25	—

Sales: 5 (113) lots of 15 tons.

Physical closing prices (buyers) were Spot 33p (32.5p), Dec. 30.75p (30.9p); Jan. 31.5p (30.6p).

SOYABEAN MEAL

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
December	84.8-85.5	+1.85	84.8-84.6
February	84.4-84.7	+1.0	84.6-83.9
April	85.6-85.7	+1.05	85.6-84.9
June	86.5-86.7	+1.0	86.5-85.8
August	87.1-87.5	+0.85	—
October	88.4-88.6	+1.05	84.4

Sales: 24 (180) lots of 100 tonnes.

GRAINS

THE BALTIC—Imported grains continued to experience very quiet trading conditions with sellers generally leaving prices unchanged.

Wheat: U.S. Dark Northern Spring No. 2 14 per cent. Jan. £103.10, Feb. £103.95, direct Tilbury Nov. £99.45, Dec. £100.30 transhipment East Coast. EEC feed Nov. £64.00, Dec. £65.00 East Coast.

Maize: No. 3 Yellow American/French Nov. £65.75, Dec. £66.00, Jan. £67.00. Transhipment East Coast. South African Yellow Nov. £71.50, Dec. £73.00 nominals U.K. sellers.

Barley: EEC feed unquoted.

HGCA—Location ex-farm spot prices: Soft milling wheat—Hertford n.p., Borders (West) n.p. Feed wheat—Hertford £63.20, Borders (West) n.p. Feed barley—Hertford £60.60, Borders (West) n.p.

MARK LANE GRAIN—Business remained quiet at slightly lower price levels. Small sales reported included Dec. deliveries of denaturable wheat into E. Anglia at £64.50 per long ton and Jan. at £65.35. The following are average sellers quotations per long ton for delivery London area. Wheat Hagberg Nov. £65.50, Dec. £66. Denaturable Nov. £64.50, Dec. £64.50. Barley feed Nov. £63.

LONDON GRAIN FUTURES MARKET (GAFTA)—Wheat—Steady. Close: Nov. 62.30, Jan. 63.80, March 65.35, May 66.90, Sept. 66.75. Business: Nov. 62.50-62.20, Jan. 64.20-63.75, March 65.80-65.35, May 67.40-67.00, Sept. 66.80-66.75. Barley, steady. Close: Nov. 60.90, Jan. 63.00, March 64.65, May 66.05, Sept. 65.20. Business: Nov. 61.00, Jan. 63.05-62.80, March 64.60-64.50, May 66.30-66.00, Sept. 65.30.

EEC DAILY IMPORT LEVIES and premiums effective November 6 (in order current levy plus Dec., Jan. and Feb. premiums, with previous in brackets). Rates in units of account per tonne. Common Wheat—28.25, rest nil (28.25, rest nil). Durum Wheat—36.44, rest nil (36.44, rest nil). Rye—33.44, 0.79, 0.79, nil (33.44, 0.79, 0.79, nil). Barley—11.96, rest nil (7.03, rest nil). Oats—23.08, rest nil (23.08, rest nil). Maize (other than hybrid for seeding)—29.47, rest nil (29.47, rest nil). Buckwheat—Nil, 2.37, 2.37, 2.37 (nil, 2.37, 2.37, 2.37). Millet—19.19, rest nil (19.19, rest nil). Grain Sorghum—29.45, rest nil (29.45, rest nil). Levies for Flours: Wheat or mixed wheat and rye flour 55.91 (55.91). Rye flour 66.00 (66.00).

SUGAR

LONDON DAILY PRICE (raw sugar) £170 (£163) a ton c.i.f. for Nov.-Dec. shipment. White sugar daily price was fixed at £181 (£177) a tonne.

The market showed an immediate improvement and prices gained up to 400 points in December, reports C. Czarnikow. A price of £173 proved to be a barrier in March and prices lost some ground again later, before settling in a narrow range.

Sugar Pref Comm Con.	Yesterday's Close	Previous Day's Close	Business Done
	£ per ton		
Dec.	175.00-75.25	172.85-72.95	177.25-74.00
March	171.00-71.20	168.45-68.50	173.25-69.45
May	169.88-69.90	168.20-68.25	171.75-69.50
Aug	168.03-68.70	166.85-66.95	170.00-68.25
Oct	167.00-67.80	166.10-66.15	169.00-67.75
Dec.	[illegible]	[illegible]	167.60
March	165.25-66.50	164.20-64.50	166.55

Sales: 2,671 (2,590) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £212.20 (same) a long ton for home trade and £255 (£248) a long ton for export.

EEC IMPORT LEVIES for white and raw sugar, denatured and non-denatured, effective Nov. 6. Figures in Units of Account per 100 kilos (previous in brackets): White 5.96 (6.21). Raw 3.89 (4.81).

WOOL FUTURES

LONDON—The market held fairly steady despite overseas easiness, reports Bache.

(Pence per kilo)

Australian Greasy wool	Yesterday's close	+ or —	Business Done
December	163.5-65.0	—1.75	165.0-63.0
March	169.0-69.5	—0.75	—
May	169.0-71.0	—1.75	—
July	173.0-74.0	—0.25	—
October	162.0-65.6	......	162.0
December	183.0-84.0	—0.75	183.5
March	185.0-87.0	......	186.5

Sales: 9 (10) lots of 1,500 kilos.

SYDNEY GREASY (in order buyer, seller, business, sales)—Dec. 244.5, 245.0, 248.0, 244.5, 62; March 255.0, 255.4, 257.0, 254.0, 46; May 261.6, 261.7, 263.0, 261.0, 31; July 263.3, 264.0, 265.0, 263.0, 28; Oct. 267.5, 268.0, 270.0, 267.5, 38; Dec. 273.8, 273.0, 274.5, 273.0, 46; March 274.2, 275.0, 275.5, 274.0, 47. Total sales: 298.

MEAT/VEGETABLES

SMITHFIELD (prices in pence per pound)—Beef: Scottish killed sides 32.5 to 36.0; English hindquarters (some heavy) 37.0 to 40.0, forequarters 28.0 to 29.0; Eire hindquarters 36.0 to 38.0, forequarters 26.0 to 27.0.

Veal: English Bobbies 15.0 to 16.0; Scottish Bobbies 15.0 to 16.0; Dutch hinds and ends 70.0 to 76.0.

Lamb: English small 30.0 to 36.0, small (high quality) 38.0, medium 32.0 to 35.0, heavy 30.0 to 34.0; Scottish medium 30.0 to 34.0, heavy 28.0 to 34.0, hill 28.0 to 38.0, hill (high quality) 36.0. Imported frozen: NZ D's 31.0 to 32.0, 2's 28.5 to 29.5, 8's 27.0 to 27.5, YLs 28.0 to 28.5.

Ewes: 13.0 to 15.0, high quality 17.0.

Pork: English under 100 lbs 32.0 to 39.0, 100-120 lbs 32.0 to 38.0, 120-160 lbs 32.0 to 37.0, 160-180 lbs 31.0 to 35.0, 180 lbs and over 27.0 to 30.0.

MEAT COMMISSION average fatstock prices at representative markets on November 5: U.K.—Cattle £29.41 per live cwt (+0.81), sheep 37.0p per pound e.d.c.w. (+0.5), pigs £4.98 per sc. l.w. (+0.08). England and Wales—Cattle numbers up 9.8 per cent. av. price £20.48 (+0.08), sheep up 24.1 per cent. av price 37.25p (+0.7), pigs up 8.2 per cent. av. price £4.98 (+0.08). Scotland—Cattle up 17.0 per cent. av. price £22.01 (+1.29), sheep up 9.9 per cent. av. price 35.1p (−0.3), pigs down 32.1 per cent. av. price £4.81 (+0.04).

COVENT GARDEN (prices in sterling)—Imported produce: Oranges—South African: 3.85-3.75; Brazilian: 1-boxes 1.90, boxes 2.90-3.00; Spanish: 3.00-3.30. Satsumas—Spanish: Per tray 1.80-2.70. Lemons—Italian: 4.00-5.00; South African: 5.00-6.00; Greek: 3.50-5.20; Turkish: 3.00-3.20. Grapefruit—Cuban: 2.00; Dominican: 2.10-2.80; Cyprus: 3.00-3.40; Jaffa: 3.10-3.80; Belize: 2.00-2.10; Florida: Ruby 4.00; Jamaican: 2.20-2.40. Pomegranates—Spanish: Per 40/70 1.00-1.60. Apples—French: Per 20 lbs Golden Delicious 72/84 1.30-1.70, per 28 lbs jumble 1.80, per 20 lbs Starkings 1.30-1.50. Starkrimson 1.50, per case Granny Smith 135-150 4.30; Hungarian: Per 44 lbs Starkings 3.80, ½-boxes Granny Smiths 72/84 2.10-2.25. Pears—Italian: Per pound Williams 0.11-0.12. Bananas—Per 28 lbs Windward Islands: 2.70; Jamaican: 2.60-2.70. Grapes—Belgian: Per pound 0.50-0.60; Spanish: Per 11 lbs Almeria 1.30-1.40, Black 1.00-1.30. Dates—Californian: Per carton 0.18½; Iraqi: Per packet 0.09; Algerian: 0.23-0.27. Tomatoes—Jersey: 1.30-1.50; Spanish: 1.30-2.00; Romanian: 1.60. Onions—Spanish: 4/5 3.80-4.40; Polish: 3.30; Dutch: 3.00. Cucumbers—Canary: 1.90-2.20. Cauliflowers—Jersey: Per 24 2.00. Cranberries—U.S.: Per 8 ozs 18 2.18, 16 ozs 24 5.04. Figs—Turkish: per oz. 0.11. Almonds—Cyprus: Per pound semi-soft 0.23-0.24. Brazil Nuts: LWM per pound 0.20. Chestnuts—Italian: 2.08-4.00; French: 1.50; Portuguese: 3.00. Walnuts—French: Per packet approximately 10 lbs 2.70-3.30; Chinese: Per pound 0.20; Californian: Per pound 0.26.

English produce: Lettuce—Per 12, round 0.50-0.60. Potatoes—Per 56 lbs Whites 2.70, Edwards 2.80. Cabbages—Per bag Primo 0.80-0.90. Cauliflowers—Per 8 0.50-1.20. Mushrooms—Per pound 0.30-0.35. Apples—Per pound Cox's Orange Pippin 0.06-0.09, Russets 0.05-0.07, Laxtons 0.06-0.07, Bramley's 0.06-0.08, Derbys 0.06, Worcester Pearmain 0.04-0.06. Celery—Per 12 0.60, prepacked 20 35 2.20. Sprouts—Per 28 lbs 1.30-1.50. Beetroot—Per 12 lbs 0.70. Onions—Per 56 lbs 2.70. Picklers 56 lbs 2.20. Parsnips—Per 28 lbs 0.80. Swedes—Per 28 lbs Devon 0.60. Carrots—Per 28 lbs 0.50-0.60. Pears—Per pound Conference 0.09-0.11, Comice 0.11-0.12.

JUTE

DUNDEE—Quiet. No offers received from Bangladesh. Calcutta goods steady. Quotations c. and f. U.K. for Nov. shipment: 10-oz 40-inch £7.04, 7½-oz £5.34 per 100 yards, Dec. £7.22, £5.46, Jan.-March £7.39, £5.61. "B" twills £22.34, £22.39, £22.39 for respective shipment periods. Yarn and cloth quiet.

LONDON—Quiet. Bangladesh White C grade Nov.-Dec. £195, D grade Nov.-Dec. £188 per long ton.

CALCUTTA—Steady.

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COPRA—Philippines: Nov. and Dec. $195 resellers, per tonne c.i.f. North North European ports.

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GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed): Shelf cod £2.30-£3.00, codlings £1.80-£2.40; large Shelf haddock £2.60-£3.00, medium £2.40-£2.70, small £1.80-£2.00; large plaice £3.20, medium £3.00, best small £2.70; large skinned dogfish £3.40, medium £2.60; saithe £1.00-£1.20; lemon soles £4.50; rock fish £1.20-£1.40; reds £1.10-£1.30.

HIGHER TURKISH SULTANA OUTPUT

ANKARA, Nov. 5.

Turkey's 1975 sultana output is estimated by trade sources to be around 100,000 tonnes, compared with 75,000-80,000 last year.

By the end of last June stocks without export contract were estimated at 25,000-30,000 tonnes, which is all in the hands of Taris, the State co-operative. Last year stocks in the same period totalled 20,000 tonnes.

At the end of June 59,845 tonnes of sultanas were contracted for export, compared with 55,820 at the same period last year.

PRICE CHANGES

Prices per ton unless otherwise stated.

	Nov. 5 1975	+ or —	Month ago
Metals			
Aluminium (a)	£396	......	£396
Free Market cif	£505-520	......	£350-540
Copper			
Cash Wire Bars (w)	£581.25	+1.0	£585.75
3 months do. do.(w)	£602.75	+1.0	£606.75
Cash Cathode (w)	£567.5	+0.5	£571
3 months do. (w)	£588.75	+0.25	£593.25
Gold......Troy oz.	$141.25	+2.0	$139.25
Lead Cash (w)	£168.75	+2.625	£172.25
3 months (w)	£176.125	+2.375	£180.375
Nickel (w)	£2,381	......	£2,347.5
Free market cif (lb)	$1.81-1.9	......	$1.8-1.95
Platinum troy oz.	£78½-80½	......	£84-89
Free Market	£71	+1.0	£71.5
Quicksilver (76lbs)	$84-88	......	$100-105
Silver Troy oz.	208.2	+2.5	216.55p
3 months	214.8	+2.6	223.20p
Tin Cash (w)	£3,035	+9.8	[illegible]
3 months (w)	£3086	+24.5	£3,148
Wolfram 22.04lb.cif	£40-42.0	......	£42-46.5
Zinc Cash (w)	£351.75	+1.5	£348.75
3 months (w)	£362.25	+5.0	£361.125
Producers (w)	£390	......	£360
Oils			
Coconut Malayan	‡		‡
Groundnut			
[illegible]	£411		£440
Linseed Crude (w)	£400		£402
Palm Malayan (w)	£193		£208
Soyabean (w)	‡		‡
Seeds			
Copra Philipp ton	$192.5		$222.5
Gr'nuts Nigerian	‡		‡
Linseed Can No.1	£151.5	+1.0	£167
Grains			
Barley EEC	‡		£63.5
Home Futures	£60.8	—0.2	£63.2
Maize			
French No. 3 Am.	£65.75		£66.5
S.A. Yellow	£71.5		‡
Wheat			
No. 1 Red Spring	‡		‡
No.2 Hard Winter	‡		‡
Australian(f.a.q.)	‡		‡
English Milling	£65.6	—1.0	£67
Cocoa Shipment (w)	£713.5	+5.5	£657
futures March	£664.75	+6.25	£601.25
Coffee Shipment (c)	‡		72.5
futures Jan.(v)	£710.5	—2.5	£725
Cotton 'A' Index cent	55.5	—0.1	55.75
Jute UABWC (d)	£195		£195
Rubber kilo	33	+0.5	33.25p
Sisal BASL (x)	$600		$600
Sugar (Raw)	£170	+7.0	£162
Wooltops 64s kilo	204p		190p
Cloves (Madagascar)	£2,600		£2,550
Pepper White ton	£935	—5.0	£920
Black ton	£755		£720

* Nominal. † Seller. § Unofficial close. ‡ Indicative price. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C." ‡ Unquoted. a Seller's quotation. h Nov. u Metric tons. r September. v Aug.-Oct. t Nov. w Nov.-Jan.

FINANCIAL TIMES

Nov. 5	Nov. 4	Month ago	Year ago
172.90	171.76	176.40	199.62

(Base: July 1, 1952=100)

REUTER'S

Nov. 5	Nov. 4	Month ago	Year ago
1147.6	1142.9	1150.9	1266.3

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	Nov. 5	Nov. 4	Month Ago	Year ago
Spot	295.95	297.01	307.17	430.40
Futures	284.92	284.40	288.41	412.68

(Average 1924-25-26=100)

MOODY'S

Moody's	Nov. 5	Nov. 4	Month ago	Year ago
Sple Commty	733.3	......	803.4	892.9

(Dec. 31, 1931=100)

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LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 248 tonnes, bringing the total for the week so far to 655 tonnes, reports F. W. Tattersall. Some improvement in the volume of transactions was recorded but spinners were selective in their purchases. Various North and South American growths attracted attention with moderate support in Russian and

U.S. Markets

Sharp rise in precious metals

NEW YORK, Nov. 5.

PRECIOUS metal futures closed sharply higher, with silver limit bid, on aggressive commission-house buying and short-covering on concern over New York City's financial plight. Grain futures rallied on commercial buying, while copper and sugar benefited from commission-house support. Cocoa and coffee eased, however, on speculative liquidation, Bache reports.

Cocoa—Ghana spot 74 nom. (unqrd.). Bahia spot 65½ (66). Dec. 62.50 (63.70), March 59.95 (58.75), May 56.50, July 54.90, Sept. 53.60, Dec. 51.80, March unquoted. Sales: 1,034.

Coffee—Spot Santos No. 4 unquoted (same). Colombian Mams unquoted (same). "C" Contract Nov. 77.00 nom. (76.60), Dec. 77.75-77.50 (79.10), March 77.25-77.10, May 77.50-77.75, July 78.30-77.5, Sept. 9.00-79.50. Sales: 419.

Copper—Nov. 56.30 (55.50), Dec. 56.70 (55.90 settlements), Jan. 57.30, March 58.40, May 59.50 settlements. Sales: 3,040 lots.

Cotton—Dec. 52.00-52.05 (51.38), March 53.52-53.55 (52.76), May 54.29, July 54.85, Oct. 54.95-55.10, Dec. 55.10-55.20, March 55.40-55.50. Sales: 2,170.

†Gold—Nov. 147.90 (142.50), Dec. 148.40 (143.30), Jan. 149.20, Feb. 150.10, April 152.60, June 153.90, Aug. 155.50, Oct. 157.70, Dec. 159.70, Feb. 161.60. Sales: 2,826 lots.

Greasewool—Spot 158.0 nom. (same). Dec. 156.0-156.50 (150.0), March 150.0-156.0 (150.0), May 146.0-155.0, July 145.0-153.0, Oct. 145.0-150.0, Dec. 145.0-150.0, March 142.-151.5.

†Lard—Chicago loose 28.50 asked (30.00). NY prime steam 30. nom. (31½).

††Maize—Dec. 278-277 (274½), March 284½-284 (282½), May 289½, July 291-290, Sept. 283, Dec. 271, March 277 nom.

‡Platinum—Jan. 150.10 (147.50), April 153.40 (150.90), July 156.00, Oct. 161.20-161.40, Jan. 165.20-165.40, April 169.10-169.30. Sales: 362 lots.

‡‡Silver—Spot 430.90 (422.00), Nov. 443.00 (419.10), Dec. 441.40 (421.40), Jan. 444.70, March 451.80, May 458.90, July 465.90, Sept. 472.80, Dec. 483.10, Jan. 486.40, March 493.30. Sales: 25,654 lots.

*Soyabeans—Nov. 494½-495 (454½), Jan. 505½-504 (495½), March 514½-515, May 521-521½, July 527, Aug. 529, Sept. 530, Nov. 534½-524½, Jan. 542-542½.

bSoyabean Meal—Dec. 131.50-131.70 (128.90), Jan. 132.50-132.30 (130.00), March 135.00.

Soyabean Oil—Dec. 19.65-19.70 (18.37), Jan. 19.70 (18.99), March 19.90-19.85, May 20.00-19.90, July 20.10, Aug. 20.10, Sept. 20.00-20.10, Oct. 19.50-20.10.

Sugar—Contract No. 11. Spot 14.56 (14.15), Jan. 14.50 nom., March 14.48-14.52, May 14.45 nom., July 14.37-14.40, Sept. 14.35 nom., Oct. 14.30-14.33, March 14.20-14.30. Sales: 3,127.

Tin—293.00-329.00 asked.

**Wheat—Dec. 380-379, March 394½-395, May 399-400, July 395½, Sept. 402.

WINNIPEG, Nov. 5. ††Rye—Dec. 255 (252), May 266½ asked (263 asked), July 261 bid.

cOats—Dec. 157 bid (153½ bid), May 152½ asked (153), July 154 nom.

§Barley—Dec. 236½ (234 bid), May 234½ bid (234½ bid), July 233 bid.

dFlaxseed—Nov. 677 (664 bid), Dec. 660 (650 bid), May 698, July 690 bid.

Wheat—SCWRS 13.5 per cent. protein content St. Lawrence 541½ (535½).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. † $'s per troy ounce—100-ounce lots. † Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡‡ Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Decatur and Illinois. ‡ $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. ** Cents per 60-lb bushel in store. †† Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. c Cents per 34-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

STOCK EXCHANGE REPORT

Leaders below the best, but undertone remains firm

Index up 1.9 at 360.8, after 363.3—Gilts give ground

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 20	Oct. 30	Oct. 31	Nov. 11
Nov. 3	Nov. 13	Nov. 14	Nov. 25
Nov. 17	Nov. 27	Nov. 28	Dec. 9

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Equity markets put on another show of strength yesterday. There was a noticeable increase in activity—official markings of 8,159 compared with 6,812 on Tuesday—with second-line issues claiming a fair measure of attention. Leading industrials encountered some good buying in the earlier trading, but a setback in Gilt-edged stocks around 11.30 a.m. brought a halt to demand and initial gains were pared by a penny or so. Thereafter, interest waned considerably, and business was mainly confined to small two-way trading. Nevertheless, the final tone was fully firm with buyers still in the background. Up 4.4 at its best of the day at 11 a.m., the FT 30-share index closed a net 1.9 higher at 360.8 compared with the June 5 peak for the year of 365.3.

The contrasting performance of Gilts was reflected in falls to ½, but activity in this sector was at a fairly low ebb. The Government Securities index gave up 0.23 to 58.05.

The more overall advance in equities was mirrored in the 4-1 majority of rises over falls in FT-quoted Industrials and a rise of 1.6 per cent. to 154.64 in the FT-Actuaries All-Share index. There were quite a number of good features, with bid situations, rumoured and actual, well to the fore in the day's proceedings.

Funds move lower

A midday reaction in Gilt-edged brought little surprise, for the market was looking a shade uncertain throughout the morning. Vague talk concerning the institutions and investment in British Funds, which was later discounted, was held responsible for a small volume of selling in unreceptive conditions that brought falls to ½ at the longer end before these were reduced to ⅜ later. Business was extremely quiet among high-coupon shorts, but one or two buyers were still around of low-coupon issues. Corporations ended with losses approaching ½.

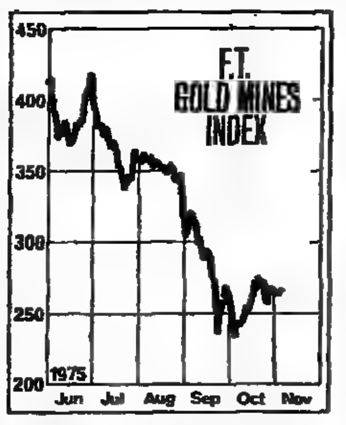
More business began circulating in the investment currency market partly owing to renewed non-resident activities in Gold shares. The premium improved initially to 106½ per cent. but reacted to 103¾ per cent. later before closing a net ½ lower at 105¼ per cent. Yesterday's SE conversion factor was 0.6101 (0.6084).

Banks below best

Although not being able to maintain their best levels following sporadic profit-taking, the big four Banks still displayed rises of to 8 at the close. National Westminster were that much better at 250p, after 252p, while Midland hardened 5 to 300p, after 302p, and Barclays added 4 to 310p, after 312p. Overseas issues gained ground, with Australia and New Zealand 7 dearer at 393p. Cater Ryder, 240p, spoilt the firm sequence in Discounts, easing 2 on the interim report. Hill Samuel featured Merchant Banks, adding 5 to a 1975 high of 111p, on news of a subsidiary's acquisition. After moving between extremes of 29p and 27p, Slater Walker Securities closed unaltered on the day at 28p, while Lubok Investments hardened ½ to 16½p with the 12 per cent. Convertible 4 points better at £84.

Insurances continued to edge forward with the general firm trend. Pearl stood out with a gain of 6 to 232p, while Guardian Royal Exchange put on 5 to 207p.

Favourable Press comment directed fresh speculative attention to Tomatin, which firmed 2 more to 66p for a gain on the week so far of 12. Teacher (Distillers) hardened 5 to 210p, while Luis Gordon, 23p, held on to an earlier gain of 2 despite the loss for the first half year. Supported up to 126p initially, Distillers eased on profit-taking to close ½ softer at 124p. Slightly firmer at 71½p in front of the interim results, Whitbread "A" touched 72p on the better-than-expected first-half profits before closing a shade easier on balance at 70½p. Vaux rose 7 to 302p in a thin market.



Beaver Group became a dull market, falling 6 to 54p on the proposed acquisition of Cumberland Curled Hair Manufacturing Co. Other Buildings, however, moved ahead. Montague L. Meyer rose 4 to 54p, while Tarmac, 168p, and Newarthill, 168p, put on 3 apiece. Tunnell B, at 163p, recouped 3 of the previous day's fall of 8 which followed news of the closure of the company's West Thurrock works. International Timber, 89p, and UBM, 69p, put on 4 apiece.

After touching 302p, ICI closed unchanged on the day at 300p. Fisons advanced 10 to 380p.

Television Contractors made fresh headway, HTV closing 2 up at 47p and Anglia "A" ending 3 better at a 1975 peak of 90p.

British Home active

British Home Stores featured Stores, closing 4 up at 385p, after 395p, after news of the £15.5m. "rights" issue plans and dividend forecast. Readicut International responded to better-than-expected interim figures with a rise of 4 to 22p, while "Gussies" "A," 194p, and UDS, 89p, put on 3 apiece. W. H. Smith "A" were well supported and closed 17 higher at 407p; the interim figures are expected December 3. Mothercare improved 6 to 170p, while other firm spots included Dixon's Photographic "A," 3 firmer at 53p and Wades Departmental "A," 4 higher at 27p. Shoes made fresh progress. Press comment directed attention to Headlam Sims, which hardened 3½ to 15p. Ward White moved up 3 to 27p and Booth International improved 4 to 30p.

After initially extending Tuesday's gains, Electrical leaders eased on profit-taking to finish with narrow mixed changes following a fairly busy trading session. EMI were finally 2 cheaper at 229p and GEC a penny off at 135p, after touching a 1975 high of 138p. Philips' Lamp, 770p, relinquished half of the previous day's improvement of 20, but Reyrolle Parsons, 71p, after 72p, and BICC, 125p, after 127p, both ended 2 firmer. Secondary issues stayed in generally firm vein, with Lec Refrigeration, still helped by Press comment, rising 4 more to a fresh peak for the year of 74p. Petbow Holdings, 161p, and Henry Wigfall, 140p, scored gains of about 6, while BSR put on 3 to 88p and James Scott 2 to 17p. Goldring provided an easier exception at 14p, down a penny, in reflection of the passed interim dividend and half-time loss.

Engineerings were highlighted by John Brockhouse which, in a thin market, spurted 14 to 168p, and Capper-Neill, up 6 at 56p on the proposed "rights" issue and impressive first-half figures. Also in demand were Stone-Platt, 4 dearer at 82p, Delta Metal, 3 better at 61½p, and Ductile Steels, 3 higher at 38p. The further revised bid from BTR of 31½p took Permali 1½ higher to equal that level, while Press suggestions that the Moore Holdings stake in Beyer Peacock had been sold raised the latter 1½ to 13½p. News items left Birmid Qualcast unchanged at 54½p, after 53p, but Eva Industries 1½ lower at 42½p. Reflecting efforts to find a trading level, Warwick fell 3 to 17p. In Shipbuildings, Hawthorn Leslie gained 2½ more to 53½p.

Foods attracted another reasonable business. Associated Dairies ended 6 up at 198p, after 200p, while rises of around 2 were seen in Brooke Bond, 44p, and Tate and Lyle, 238p. Taverner Rutledge were raised 7 to 75p, while Rowntree Mackintosh, 186p, United Biscuit, 104p, and J. Bibby, 65p, all closed 4 higher. William Low, still reflecting recent trading news, lost 3 more at 120p. Kwik Save Discount featured firm Supermarkets with a rise of 9 to 249p.

Eastern Produce good

Rank Organisation "A" were notable for an advance of 8 at 165p, but other miscellaneous Industrial leaders, after starting on a generally firmer note, reacted to end with little net change after a fair two-way trade. Boots, 143p, and Bowater, 170p, both lost initial fresh gains of 3 to finish unaltered on the day. Elsewhere, the proposed £2m. sale of its South African subsidiary to Mitchell Cotts (a fraction down at 56½p) generated buying interest in Eastern Produce, which moved ahead 7 to 22p; the 9½ per cent. Convertible Loan advanced 14 points to £56 and the 9½ per cent. Loan 8 points to £39 on EP's proposal to redeem 80 per cent. of each stock at £61.30 and £46.50 respectively. Press comment on the half-year results prompted De La Rue to rise 11 to 184p in a short market, and investment comment raised Campari 3½ to 23p. Gomme Holdings, still helped by Press mention, improved 4 more to 81p, while Hoover "A," awaiting to-day's third-quarter results, rose 9 to 312p. Wm. Baird hardened 2 to 73p following the half-time figures, and an encouraging interim statement raised J. Coral 4 to 91p. Johnson Matthey appreciated 12 to 300p, while gains of 6 were secured in Letraset, 47p, and Aaronson Bros., 51p. Lep Group contrasted with a reaction of 8 to 125p, unsettled by the chairman's profits warning in the full report.

Motors and Distributors had contrasting features in Harmo Industries, 10 higher at 36p on the bid approach from an unnamed source, and Group Lotus Car, which closed 3 easier at 26p, after 24p, on the first-half loss. Dunlop continued firmly, rising 5 more to 69p for a two-day gain of 7. Garages put on another firm showing, although business tended to be more selective than of late. Jessups moved up 3 to 17½p in response to sharply increased profits, while Henly closed 2½ harder at 68½p. BSG International picke dup another ½ at 14p with the help of "call" option support.

Newspapers became fashionable. Thomson, aided by its North Sea potential, jumped 11 to 205p, after 206p. News International were popular, rising 7 to a high for the year of 130p, while Associated gained 3 to 90p and Pearson Longman 2 to 82p. Paper/Printings had modest features in Bunzl Pulp, 4 dearer at 92p, and DRG, up 3 to 117p. Elsewhere, W. N. Sharpe picked up 3 to 41p.

Further "bear covering" coupled with a little public buying spurred the Property leaders to a fresh early rally, but the gains were later trimmed. After the previous day's setback on the Australian court's ruling in favour of the Sydney Stock Exchange over a terminated property leasing deal, MEPC took a turn for the better and closed 2 up at 58p, after 59p. Land Securities ended similarly firmer at 170p, after 172p, while English Property finished fractionally harder at 44½p, after 46p. Second-line issues often edged higher, but Bellway Holdings weakened 6 to 49p on disappointment with the preliminary results. Barratt Developments gained another 3 at 110p, still benefiting from the chairman's encouraging statement, while the increased dividend and profits and proposed 50 per cent. scrip issue left London and Provincial Shop Centres 2 firmer at 54p. Rush and Tomkins were noteworthy for an advance of 6 to 35p.

BP shine

British Petroleum outshone other Oils as further investment demand, generated by North Sea potential, made its mark; after lively trading the shares closed 15 higher at 590p. Shell were overshadowed and managed a rise of only 4 to 384p, after 388p, while Ultramar hardened 3 to 210p, after 213p. Burmah, the turn better at 34p, maintained that level after late news of the liquefied natural gas transportation projects negotiations. Berry Wiggins made fresh headway to 69p, up 3, and Tricentrol picked up 2 to 45p. In recognition of its oil and gold interests, British-Borneo were raised 6 to 130p.

Scattered fresh gains occurred in Overseas Traders. Inchcape moved up 10 to 347p and Harrisons and Crosfield 25 to 875p, while Ocean Wilsons, in further response to the higher interim profits, added 3 more at 95p.

Shippings displayed no set trend. John I. Jacobs met revived speculative demand at 15½p up 1½, while British and Commonwealth hardened 3 to 194p and "Lofs" put on a penny more at 33½p, making a two-day advance of 3. Fears about their North Sea drilling rig interests continued to plague Reardon Smith, which cheapened 5 more to 365p. Furness Withy shed 4 to 211p.

Trusts and Financials generally closed firmer for choice. Further consideration of the results left Scottish National 3 better at 119½p. Capital shares prospered with Channel Islands 5 dearer at 235p and Dualvest 6 higher at 148p.

Small irregular price movements were the order of the day in Textiles following a reasonable trade. Courtaulds came to rest at 143p, down a penny, while Lister were similarly cheaper at 35p; the latter's preliminary results are due to-morrow. Caird Dundee, on the other hand, picked up 3 to 28p. Bats closed with an improvement of 4 at 327p, after 330p. In Tobaccos where, helped by an investment recommendation Siemssen Hunter hardened a penny to 24p.

U.S. demand for Golds

Gold shares put up a much better performance than of late, following the higher afternoon fixing of bullion. After opening showing small losses, U.S. interest left the Gold Mines index up 3.5 at 266.7. Bullion was finally $2 higher at $146.25 per ounce.

In the heavy-weight stocks, rises ranged to ½ in Vaal Reefs (£23½) and Western Holdings (£27½) while East Driefontein gained 15 at 960p, after 940p.

Financials were generally firmer, reflecting the strength of gold and the higher U.K. industrial market. Cape demand left Anglo American 7 better at 375p and Union Corporation 5 up at 415p. General Mining added ½ point at £23 and "Johnnies" were ½ higher at £23½. Gold Fields were firm rising 6 at 213p.

Platinums were neglected. "Tanks" were a feature of Coppers, rising 4 at 148p following Continental and local interest.

Australians generally gained ground in line with markets "Down-Under." Pancontinental rose 20 to 720p, to reach an all-time high for the fourth successive trading day. Other energy stocks to move higher were EZ Industries, 10 better at 280p, and Ocean Resources, which gained 2 at 32p.

Speculative interest lifted North Kalgurli to 10½p, a rise of 1½ and Newmetal ½ to 2½p.

Tins were quietly firm with Southern Kinta (93p) and Tronoh (80p) both gaining 3. In front of the increased half-year profits London Tin were unaltered at 138p.

Elsewhere, Yukon Consolidated rose 10 more to 77p on further consideration of the bid by Rio Algom for Lornex in which Yukon has a 20 per cent. stake. Sabina advanced 8 at 93p

FINANCIAL TIMES STOCK INDICES

—	Nov. 5	Nov. 4	Nov. 3	Oct. 31	Oct. 30	Oct. 29	A year ago
Government Secs.	58.05	58.28	58.37	58.05	57.84	58.05	53.38
Fixed Interest	58.77	58.97	58.93	58.72	58.66	58.65	52.80
Industrial Ordinary	360.8	358.9	350.5	351.2	352.0	352.5	195.5
Gold Mines	266.7	263.2	263.8	267.0	267.3	258.9	396.5
Ord. Div. Yld. %	5.89	5.91	6.05	6.03	6.01	6.00	10.15
Earnings Yld. % (full)	16.26	16.31	16.71	16.66	16.61	16.57	27.59
P/E Ratio (net) (a)	8.76	8.73	8.52	8.54	8.57	8.59	5.06
Dealings marked	8,159	6,812	6,652	6,215	6,258	7,779	7,084
Equity turnover £m.	—	64.00	47.92	57.90	54.83	63.72	57.95
Equity bargains total	—	15,395	14,171	15,193	14,289	15,541	17,291

10 a.m. 361.6. 11 a.m. 363.3. Noon 361.3. 1 p.m. 360.8. 2 p.m. 360.8. 3 p.m. 361.0.
Latest Index 01-246 8026.
(a) Based on 52 per cent. corporation tax. (b) Nil=9.70.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942. † Corrected.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.54 (23/5)	49.18 (6/1)	127.4 (9/1/35)	49.18 (6/1/75)
Fixed Int.	62.51 (21/5)	50.63 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.3 (5/6)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	[illegible] (6/10)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Nov. 5	Nov. 4
Daily—		
Gilt-Edged	156.1	184.5
Industrials	298.6	230.3
Speculative	52.8	60.0
Totals	185.7	155.0
5-day Av'ge		
Gilt-Edged	162.3	169.8
Industrials	234.4	225.9
Speculative	53.9	53.8
Totals	154.7	153.0

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Equity groups & sub-sections	Wed. Nov. 5 Index No.	Day's Change %	Est. Earnings Yield % (Max. Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Tues. Nov. 4 Index No.	Mon. Nov. 3 Index No.	Friday Oct. 31 Index No.	Thurs. Oct. 30 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	133.51	+1.6	17.24	6.19	8.69	8.59	131.39	129.10	129.86	130.23	68.66	133.51 (5/11)	51.78 (6/1)	206.37 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	128.43	+1.5	15.91	6.40	10.98	10.97	126.78	124.56	126.55	127.01	62.52	128.43 (5/11)	45.11 (6/1)	238.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	246.41	+1.4	15.46	3.80	9.75	9.73	243.05	239.24	239.69	239.45	96.80	251.61 (25/4)	74.74 (6/1)	389.53 (19/5/72)	71.48 (12/12/74)
4	Electricals (17)	236.53	+2.1	17.55	4.95	8.44	8.44	230.76	224.38	225.90	229.03	126.31	235.52 (6/11)	98.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/66)
5	Engineering (Heavy) (13)	155.21	+0.8	21.03	7.65	7.25	7.25	154.77	151.96	151.31	151.51	87.84	159.79 (22/4)	64.39 (2/1)	201.87 (2/6/73)	64.39 (2/1/75)
6	Engineering (General) (63)	114.61	+1.5	19.09	7.29	7.65	7.65	112.81	111.30	111.65	111.45	61.57	117.40 (6/6)	45.45 (6/1)	166.59 (4/5/72)	45.45 (6/1/75)
7	Machine and Other Tools (9)	43.98	−0.1	18.74	9.55	9.64	9.64	44.01	44.12	43.82	43.67	26.77	48.96 (30/6)	20.11 (2/1)	136.70 (9/7/66)	19.96 (13/12/74)
8	Miscellaneous (24)	114.25	+2.6	18.66	6.92	7.99	7.99	111.31	110.40	110.60	109.86	64.42	121.76 (6/6)	49.65 (6/1)	177.41 (21/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (56)	110.08	+2.0	18.99	5.61	9.21	9.19	107.96	105.98	105.96	105.80	50.31	110.08 (5/11)	38.59 (6/1)	227.78 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	126.01	+1.0	14.89	4.24	9.98	9.96	124.82	122.21	122.54	123.54	64.67	126.01 (5/11)	44.38 (6/1)	257.41 (19/5/72)	42.85 (12/12/74)
11	Household Goods (14)	162.45	+4.2	16.25	6.44	9.61	9.58	155.85	154.51	154.85	154.82	78.10	163.43 (6/11)	64.53 (6/1)	263.23 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (27)	61.39	+2.7	18.07	7.58	7.98	7.98	59.77	58.68	58.52	57.57	29.44	61.39 (5/11)	19.91 (6/1)	170.89 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	147.31	+1.6	15.72	5.81	10.67	10.60	144.99	142.44	142.15	142.65	75.46	147.31 (5/11)	61.98 (6/1)	226.08 (16/3/72)	61.41 (13/12/74)
14	Breweries (15)	168.75	+0.9	11.85	6.07	12.77	12.77	167.24	163.54	165.55	165.89	87.41	168.75 (5/11)	75.58 (6/1)	281.87 (22/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	152.99	+0.9	12.49	6.59	12.15	12.15	151.69	144.46	144.53	144.70	102.27	177.94 (3/7)	80.42 (6/1)	257.40 (13/7/72)	78.88 (13/12/74)
16	Entertainment, Catering (16)	174.60	+1.3	11.95	5.86	13.10	12.47	172.40	168.59	167.12	167.31	71.76	174.60 (5/11)	56.28 (6/1)	329.99 (12/12/72)	54.83 (9/1/75)
17	Food Manufacturing (22)	156.61	+1.6	15.54	6.08	10.33	10.29	156.37	154.34	154.27	154.69	65.66	156.61 (5/11)	62.05 (2/1)	211.65 (1/5/72)	59.77 (11/12/74)
18	Food Retailing (16)	151.57	+2.3	10.91	4.36	14.21	14.21	148.25	146.13	146.40	146.87	85.90	151.57 (5/11)	57.15 (2/1)	235.08 (15/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	146.95	+3.6	14.59	6.65	10.61	10.61	143.49	141.90	141.14	141.56	76.50	152.14 (6/6)	55.06 (6/1)	260.29 (18/1/72)	55.06 (6/1/75)
20	Packaging and Paper (13)	95.91	+1.2	23.20	7.59	6.41	6.42	94.77	93.82	94.11	94.21	58.53	107.12 (20/5)	43.46 (6/1)	135.69 (28/4/73)	43.46 (6/1/75)
21	Stores (32)	127.42	+2.3	11.66	5.21	13.13	13.13	124.55	122.49	122.42	122.62	69.11	132.94 (24/10)	52.63 (6/1)	204.59 (16/2/72)	52.63 (6/1/75)
22	Textiles (23)	154.90	+0.8	21.67	6.92	5.67	5.42	153.58	150.94	149.89	151.54	76.94	156.76 (25/10)	62.91 (6/1)	253.72 (17/3/66)	62.66 (11/12/74)
23	Tobacco (3)	204.59	+1.2	16.56	6.68	9.19	9.19	202.23	199.73	198.08	199.60	130.15	204.59 (5/11)	109.92 (6/1)	559.16 (2/2/72)	94.34 (13/6/62)
24	Toys and Games (6)	62.02	−0.7	22.60	6.34	6.10	6.10	62.43	61.75	61.37	61.23	27.91	62.43 (4/11)	20.92 (6/1)	133.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (93)															
25	Chemicals (24)	182.28	+0.9	15.27	6.27	9.18	9.17	180.72	177.87	178.67	179.74	92.66	189.17 (6/6)	73.14 (6/1)	201.92 (31/1/69)	71.20 (1/12/74)
26	Office Equipment (10)	88.36	+4.0	15.09	5.89	9.29	9.29	85.00	84.48	85.69	85.77	62.03	104.78 (17/4)	46.34 (3/1)	246.06 (1/9/72)	46.34 (2/1/75)
27	Shipping (12)	378.90	+0.1	20.38	6.38	6.50	6.06	378.35	374.06	372.99	378.21	249.51	401.84 (10/5)	194.38 (6/1)	517.00 (6/12/72)	90.80 (29/6/62)
28	Miscellaneous (47)	152.62	+2.4	16.24	6.73	9.10	9.10	149.10	147.74	148.24	149.77	81.31	153.58 (6/6)	60.39 (6/1)	258.85 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	144.54	+1.5	15.21	5.90	9.65	9.50	142.26	139.95	140.14	140.75	74.99	144.54 (5/11)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	335.85	+1.9	14.99	4.79	7.45	6.67	329.69	323.37	323.30	324.77	147.86	335.33 (5/11)	105.85 (2/1)	431.66 (23/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	160.38	+1.6	15.16	5.72	9.13	8.90	157.79	155.14	155.32	154.98	81.18	160.38 (5/11)	63.49 (6/1)	227.95 (16/9/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	136.97	+1.6	—	5.21	—	—	134.87	132.55	133.60	134.80	67.73	148.46 (20/5)	56.50 (6/1)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	168.44	+1.7	17.46	4.76	8.77	8.77	165.66	161.93	161.56	162.38	76.54	177.11 (6/6)	62.56 (2/1)	288.32 (20/7/72)	52.44 (12/12/74)
34	Discount Houses (9)	157.82	−0.3	—	7.81	—	—	158.25	155.42	155.27	156.48	95.70	169.27 (7/3)	84.15 (6/1)	293.15 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	96.69	+1.1	—	6.56	—	—	95.50	95.80	97.67	99.72	76.16	134.39 (10/5)	42.81 (6/1)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	122.01	+2.0	—	5.60	—	—	119.60	117.09	117.19	118.37	58.21	127.97 (23/4)	44.88 (2/1)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	111.99	+1.1	—	6.11	—	—	110.74	108.52	111.09	112.08	51.05	123.90 (24/6)	44.47 (2/1)	156.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (9)	223.36	+0.2	9.35	3.92	16.04	16.04	222.82	225.45	226.89	225.27	85.84	226.74 (29/10)	68.96 (7/1)	262.57 (12/12/72)	65.86 (18/12/74)
39	Merchant Banks (19)	85.00	+1.9	—	5.93	—	—	83.41	82.50	83.07	83.85	46.40	94.97 (7/3)	31.21 (7/1)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	158.04	+2.1	3.62	3.73	45.59	43.34	154.83	152.98	153.51	156.16	99.14	241.32 (22/4)	88.19 (7/1)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (4)	74.62	+3.2	13.17	6.45	12.14	11.99	72.20	72.04	73.04	74.35	43.06	75.78 (25/4)	34.78 (10/1)	303.15 (18/6/72)	33.29 (17/12/74)
42	Investment Trusts (50)	164.52	+1.1	3.00	4.35	33.36	33.34	162.75	163.38	164.12	164.08	87.91	178.53 (6/6)	73.43 (6/1)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	154.64	+1.6	—	5.34	—	—	152.21	149.83	160.22	150.95	78.19	154.64 (5/11)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	380.36	−0.5	14.95	8.81	9.68	9.61	382.24	382.24	384.12	379.42	306.54	352.54 (25/3)	281.66 (2/1)	555.37 (25/7/73)	84.68 (26/3/65)
45	Teas (10)	116.39	+0.1	35.22	8.97	4.09	3.95	116.22	117.04	115.92	117.07	68.76	117.07 (30/10)	75.76 (10/1)	131.47 (1/5/72)	69.72 (17/10/74)
46	Coppers (3)	276.64	—	70.99	17.71	1.41	1.41	276.64	275.52	275.52	274.68	353.03	467.74 (27/5)	256.42 (24/9)	567.78 (15/11/73)	94.03 (29/5/62)
47	Mining Finance (11)	109.11	+2.1	10.98	4.67	10.88	10.88	106.94	106.17	107.08	107.03	91.72	141.34 (30/5)	80.58 (22/1)	175.90 (25/6/69)	66.31 (30/9/74)
48	Tins (8)	90.79	+0.9	12.17	9.86	10.74	9.61	89.96	88.11	87.63	86.20	61.87	[illegible]	[illegible]	[illegible]	[illegible]
49	Overseas Traders (13)	214.81	+0.8	16.22	4.99	7.98	7.97	213.06	209.26	208.72	209.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

		Wed. Nov. 5 Index No.	Yield %	Tuesday Nov. 4	Monday Nov. 3	Friday Oct. 31	Thurs. Oct. 30	Wed. Oct. 29	Tuesday Oct. 28	Monday Oct. 27	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.89	14.77	14.77	14.66	14.96	14.87	14.84	14.94	16.32	[illegible]	[illegible]	[illegible]	[illegible]
2	20-yr. Govt. Stocks (6)	46.40	†13.97	46.67	46.81	46.59	46.42	46.66	46.80	46.84	—	53.09	38.27	115.42	38.27
3	20-yr. Red. Deb. & Loans (15)	45.86	†14.03	45.89	45.75	45.77	45.74	45.73	45.72	45.71	50.62	50.89	36.72	114.57	37.01
4	Investment Trusts Prefs. (15)	47.18	14.87	47.00	46.96	47.21	47.18	46.72	46.63	46.63	50.47	47.50	35.79	118.63	36.68
5	Coml. and Indl. Prefs. (20)	63.61	14.80	64.66	64.66	64.74	65.66	65.56	65.32	65.35	64.75	62.23	48.55	114.85	47.67

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Food Manufacturing	29/12/67	114.13
Engineering (Heavy)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Wines and Spirits	16/1/70	128.20	Mining Finance	29/12/67	100.00
Toys and Games	16/1/70	135.72	All Other	10/4/62	100.00
Office Equipment	16/1/70	153.84			
Industrial Group	31/12/70	128.20			
Miscellaneous Financial	31/12/70	128.06			

† Redemption yield. [illegible] calculated by Extel. FT-Actuaries [illegible] Communications Limited [illegible]

A list of the constituents of the FT-Actuaries Share Indices is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p. [illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
Barclays Bank	£1	14	310	+ 4	323	112
ICI	£1	14	300	—	302	118
Shell Transport	25p	13	384	+ 4	386	118
Weir Group 'New'	Nil/pd.	13	20*	+ 2½	20*	10½*
"Bats"	25p	11	[illegible]	+ 4	338	164
British Home Sts.	25p	11	385	+ 4	393	138
Debenhams 'New'	Nil/pd.	11	27*	− 1	28*	24*
Distillers	50p	11	124	− ½	150	63½
Rank Org. 'A'	25p	11	165	+ 8	205	75
Letraset	10p	10	47	+ 6	48	13
Marks & Spencer	25p	10	102	—	123	47½
Thorn Elect. 'A'	25p	10	210	—	224	73
BP	£1	9	590	+15	598	190
Delta Metal	25p	9	61½	+ 3	76	31
GEC	25p	9	135	− 1	138	51

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 28	Nov. 10	Jan. 22	Feb. 3
Nov. 11	Nov. 24	Feb. 5	Feb. 17
Nov. 25	Dec. 8	Feb. 19	Mar. 2

"Calls" were dealt in Tate and Lyle, Premier Oil, Tricentrol, National Westminster Bank Warrants, Aaronson Bros., Anglo Continental, English Property, Dunlop, BSG International, MEPC, British Benzol, Westminster Properties and Siebens Oil and Gas. A "put" was done in Slater Walker, while "doubles" were arranged in Premier Oil, Tricentrol and Slater Walker.

Industrials							
A. P. Cement	15	Grand Met.	7	Slater Walker	9	Mines	
Assoc. Leisure	5	G.U.S. 'A'	17	Spillers	5	Anglo Amer.	50
Barclays Bank	25	Guardian	20	Tesco	6	Broken Hill Pty	75
Beecham	28	G.K.N.	22	Thorn "A"	17	Charter Cons.	28
Boots Drug	12	Hawker Sidd.	27	Tube Invest.	24	Chart'rh'll Fin.	10
Bowaters	16	House of Fraser	8	Unilever	35	Cons. Gold	22
B.A.T.	30	Hutson Wlms	4	Utd. Drapery	10	De Beers Def.	35
British Leyland	2	I.C.I.	21	Vickers	13	F. S. Geduld	350
BOC Int.	5½	"Imps"	7	Woolworths	6	Great Boulder	12
Burton 'A'	9	I.C.L.	7			Hampton Areas	15
Cadbury	6	Inveresk	7	Property		Hampton Prop.	4
Courtaulds	12	Legal & General	13	Cap. Counties	4½	Kloof	140
Debenhams	8	Lloyds Bank	22	E.P.	8	Lonrho	13
Distillers	13	"Lots"	6	Int. Europe	6	Lorraine	55
Dunlop	5½	"Mums"	6	Land Securities	16	Metals Explor.	8
Eagle Star	13	Marks & Spencer	11	Peachey	6	Poseidon	55
E.M.I.	17	Midland Bank	25	Town & City	4½	Pres. Steyn	275
First National	2	Nat West Bank	22	Town & Comm.	4	Rio T. Zinc	20
G.R.A. Trust	4	P & O Dfd.	10	Oils		Selukwe	65
Gen. Accident	16	Plessey	8	Brit. Petroleum	45	West Areas	75
Gen. Electric	13	R.H.M.	6	Burmah Oil	5	Western M'ng.	18
Glaxo	40	Rank Org. 'A'	17	Shell	30	Zambian Copp.	10
		Reed Int'l	25	Ultramar	21		

NEW HIGHS AND LOWS FOR 1975

Too numerous to name individually, the 126 new 1975 highs recorded among securities listed in the Share Information Service yesterday are given below in their sub-sections. There were 3 new lows.

NEW HIGHS (126)
COMM'WEALTH & AFRICAN LOANS (2)
BANKS (4)
BEERS (5)
BUILDINGS (8)
CHEMICALS (4)
CINEMAS (3)
DRAPERY & STORES (8)
ELECTRICALS (11)
ENGINEERING (18)
FOODS (13)
HOTELS (1)
INDUSTRIALS (20)
INSURANCE (1)
MOTORS (5)
NEWSPAPERS (3)
PAPER & PRINTING (3)
PROPERTY (1)
SHIPPING (1)
SHOES (2)
TEXTILES (1)
TRUSTS (3)
OILS (3)
MINES (1)

NEW LOWS (3)
ENGINEERING (1)
Warwick Engineering
PROPERTY (1)
Inv. & Prop. Hldgs
SHIPPING (1)
Reardon Smith 'A'

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	3	46	6
Corpns. Dom. and Foreign Bonds	6	11	34
Industrials	568	139	1,033
Financial and Prop.	223	47	329
Oils	12	3	18
Plantations	4	3	40
Mines	34	25	94
Recent Issues	8	3	26
Totals	868	256	1,600

Tax prize plan

A YEAR'S relief from corporation tax should be given to companies winning the annual awards for export achievements, Mr. Peter Drew, chairman of the London World Trade Centre Association, said yesterday.

BASE LENDING RATES

AFI International	11 %
Allied Irish Banks Ltd.	11 %
Anglo-Portuguese Bank	11½%
Henry Ansbacher	11½%
Banco de Bilbao	11 %
Banco de Jerez	11½%
Bank of Cyprus	11 %
Bank of N.S.W.	11 %
Banque du Rhone S.A.	11½%
Barclays Bank	11 %
Barnett, Christie Ltd.	12 %
Bremar Holdings Ltd.	13 %
Brit. Bank of Mid. East	11 %
■ Brown Shipley	11½%
Cayzer, Bowater Co. Ltd.	11½%
Cedar Holdings	11 %
■ Charterhouse Japhet	11½%
C. E. Coates	11½%
Consolidated Credits	13 %
Co-operative Bank	*11 %
Copleys Bank	12 %
Corinthian Securities	11 %
Credit Lyonnais	11 %
G. R. Dawes	12 %
Duboff Brothers	12 %
Duncan Lawrie	11 %
English Transcont.	12 %
First London Secs.	11 %
■ Antony Gibbs	11 %
Goode Durrant Trust	11 %
Greyhound Guaranty	11 %
Grindlays Bank	11 %
■ Guinness Mahon	11 %
■ Hambros Bank	11 %
Hawtin & Partners	13 %
■ Hill Samuel	§11 %
C. Hoare & Co.	†11 %
Julian S. Hodge	12 %
Industrial Bank of Scot.	11 %
Jacobs, Kroll	11½%
Keyser Ullmann	11½%
Knowsley & Co. Ltd.	12½%
Lloyds Bank	11 %
London & European	11½%
London Mercantile	11½%
Midland Bank	11 %
■ Samuel Montagu	11 %
■ Morgan Grenfell	11 %
National Westminster	11 %
Northern Comm. Trust	11½%
Norwich General Trust	11½%
Portman Guaranty	11 %
P. S. Refson & Co.	11 %
Rossminster Accept'cs	11 %
Royal Trust of Canada	12 %
Schlesinger Limited	11½%
E. S. Schwab	12½%
Security Trust Co Ltd.	12½%
Shenley Trust	12½%
Standard Chartered	11 %
Sterling Credit	12½%
Thames Guaranty	11 %
Trade Development Bk.	11 %
Twentieth Century Bk.	12½%
United Bank of Kuwait	11 %
Whiteaway Laidlaw	11½%
Williams and Glyn's	11 %
Yorkshire Bank	11 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 7%, up to £25,000 7½% and over £25,000 8%.
§ Demand deposits 8%.

CORAL INDEX
Close 357-362

I.G. INDEX
GOLD 144½-147½

INSURANCE BASE RATES

† Atlantic Assurance	12 %
Cannon Assurance	9¾%

† Address shown under Insurance and Property Bond table.

MONEY MARKET

Adequate credit supply

Bank of England Minimum Lending Rate 12 per cent. (since October 3, 1975)

Day-to-day credit was in good supply once more in the London money market yesterday, and the authorities sold a small amount of Treasury bills to the Discount houses to absorb surplus funds. Government disbursements exceeded revenue payments to the Exchequer and a fall in the note circulation was also in the market's favour. On the other hand, bank balances were run down, there was a net take-up of Treasury bills to finance, and settlement of gilt-edged sales and commercial bill maturities were also against the market.

Discount houses paid 11-11½ per cent. for secured call loans at the start, and money was available at between 10½ per cent. and 11 per cent. towards the close.

In the inter-bank market overnight loans commanded 10¾-11 per cent. in the early part, and eased to 10⅝-10¾ per cent. before increasing to 11-11½ per cent. at the close.

Short-term fixed period interest rates showed a slightly easier trend, but recorded little change overall.

Rates in the table below are nominal in some cases.

Nov. 5 1975	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposit	Treasury bills	Eligible Bank bills	Fine trade bills
Overnight	—	10⅝-11¼	—	—	—	—	11-12½	—	—	—
2 days notice	—	—	11-11¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	[illegible]	[illegible]	—	—	[illegible]	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

† Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years [illegible] per cent.; four years [illegible] per cent.; five years [illegible] per cent. Bank bill rates in table are buying rates for prime paper. [illegible] Finance House Base Rates (published by the Finance Houses Association) [illegible] per cent. from November 1. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Rates for lending [illegible] per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

AUTHORISED UNIT TRUSTS

Bishopsgate Progressive Mgmt. Co.♥
9, Bishopsgate, E.C.2. 01-588 6280

B'gate Pro* Oct. 28	118.8	118.2	.....	3.88
Acm. Uts* Oct. 28	122.9	130.9	.....	3.88
B'gate Int. †Nov. 4	105.8	112.4	.....	2.76
Acm. Uts.† Nov. 4	110.7	118.4	.....	2.76

Next sub. day *Nov. 11. †Nov. 18

Brandts Ltd.♥
36, Fenchurch St., E.C.3. 01-626 6080

Brandts Cap.	97.8	104.8	.....	2.19
Do. Accum.	106.8	114.0	.....	2.14
♦Brandts Inc.	105.8	112.0	.....	7.82

Next sub. day Oct. 22.

Friends' Provdt. Unit Tr. Mgrs.♥
7, Leadenhall Street, E.C.3. 01-628 4511

Friends Tst. Uts.	28.4	30.2	+0.8	4.39
Do. Accum.	33.5	35.8	+1.0	4.39

G.T. Unit Managers Ltd.♥
16, St. Martins-le-Grand, EC3. 01-600 8461

G.T. Cap. Inc.	53.9	57.3	.....	5.08
Do. Acc.	61.2	65.1	.....	5.80
G.T. Inc. Fd. Un.	95.8	101.9	.....	10.08
G.T. U.S. & Gen.	120.6	128.2	.....	1.08
G.T. Japan & Gen.	155.5	165.4	.....	1.00
♦G.Pens.Ex.Fd.	106.8	112.1	.....	3.06

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations in London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv. 20p	36	.....	Graig Ship. £1	370	.....	Shiloh Spinn.	25	.....
Ash Spinning	37	.....	Hallam Sleigh 10p	6	.....	Sindall (Wm.)	50	.....
Bertam	18	.....	Higsons Brew.	98	.....			
Bdg'wtr. Est. 50p	130	+5	I.O.M. Stm. £1	110	.....	**IRISH**		
Clover Croft	35	.....	Holt (Jos.) 25p	250	.....			
Craig & Rose £1	315	.....	Kleen-e-Ze	17	.....	Alliance Gas (£1)	66	+3
Dyson (R.A.)	30	.....	Lovell's Ship £1	95	.....	Carroll (P. D.)	125	.....
Ellis & McHdy.	58	.....	N'thn. Goldsmith	90	.....	Clondalkin	50	+5
Evans Fr'k. 10p	33	.....	P.M.A.	26	.....	Concrete Prods.	80	.....
Evered	6	.....	Pearce (C. H.)	60	.....	Goodbody (£1)	38	.....
Fife Forge	47	.....	Peel Mills	12	.....	Helton (Hldgs.)	27	.....
Finlay Pkg. 5p	15	.....	Richards 10p	12½	+½	Irish Distillers	68	.....
Frost & Reed 50p	130	.....	RobbNaledonSh	33	−1	Irish Wire	80	.....
Gardiner & Sons	11	.....	Sayers 12½p	8	.....	Jacob	64½	.....
Gardner (L.)	56	.....	Sheffield Brick	64	.....	Sunbeam	11	−½
			Sheff. Refrshmt.	141	.....	Unidare	63	.....

LEADERS AND LAGGARDS

The following table shows the percentage changes* which have taken place since December 31, 1974, in the principal equity sections of the F.T.-Actuaries Share Indices. It also contains the F.T. Gold Mines index.

Insurance (Brokers)	+201.19	Stores	+120.60
Contracting and Construction	+198.66	Financial Group	+121.09
Oil	+179.07	Electricals	+118.79
Entertainment and Catering	+178.94	Consumer Goods (Non-Durable) Group	+118.29
Toys and Games	+171.60	Investment Trusts	+113.11
Electronics Radio and TV	+162.41	Hire Purchase	+105.29
Building Materials	+161.51	Breweries	+105.28
Motors and Distributors	+155.97	Machine Tools	+102.81
Consumer Goods (Durable) Grp.	+155.99	Packaging and Paper	+ 97.85
Insurance Life	+146.65	Discount Houses	+ 82.32
Food Retailing	+145.24	Wines and Spirits	+ 78.84
Banks	+140.19	Office Equipment	+ 76.97
Food Manufacturing	+139.83	Shipping	+ 76.35
Newspapers and Publishing	+137.57	Tobacco	+ 69.36
Capital Goods Group	+137.08	Property	+ 56.94
Merchant Banks, Issuing Houses	+136.29	Teas	+ 49.67
Household Goods	+134.11	Tins	+ 48.87
Engineering (General)	+131.45	Rubbers	+ 32.90
500-Share Index	+130.69	Mining Finance	+ 21.29
Insurance (Composite)	+130.41	Gold Mines F.T.	− 25.54
Chemicals	+129.66	Coppers	− 27.03
Textiles	+128.44		
Engineering (Heavy)	+127.67		
All-Share Index	+127.35		
Industrial Group	+129.15		

* Percentage changes based on Tuesday, November 4, 1975, indices.

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1975 High	Low	Stock	£	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅝	94⅝	Exch 6½pc 1976‡‡	98	+⅛	6 60	11.49
97¾	92	Treasury 6½pc 1976‡‡	96	-⅛	6 75	11 63
99	97	Victory 4pc 1976‡‡	98½		4 04	—
102	96⅞	Treasury 10½pc 1976‡‡	98⅞	-⅛	10 62	11 55
95¼	88⅞	Treasury 6¼pc 1977‡‡	94		6 62	10 78
94⅝	86¼	Electric 3pc 74-77	94¼		3 18	7 52
103	96⅞	Treasury 11½pc 77‡‡	100	-⅛	11 44	11 12
90¾	84	Treasury 3pc 77‡‡	90xd		3.30	7.55
90¼	84½	Transport 4pc 72-77	90½	-⅛	4.42	9.00
96	90½	Treasury 8pc 1978‡‡	93	-⅛	9.58	12 02
100	96	Treasury 10½pc 78‡‡	96	-⅛	10.85	11 29
87¼	79	Exchequer 5pc 76-78‡‡	86¾	-⅛	5.77	10 46
103	94	Treasury 11½pc 79‡‡	98	-⅛	11 64	12 92
79⅞	71⅛	Treasury 3pc 79‡‡	79	-⅛	3 79	9 55
81¼	73	Electric 4¼pc 74-79	81	-⅛	5.23	10 22
100	94½	Treasury 10½pc 79‡‡	95xd	-⅛	11 03	12.04
79½	71	Electric 3½pc 76-79	79½xd	+⅛	4 41	9.93
95	84	Treasury 9pc 1980‡‡	88	-⅛	10 13	12 39
95	89¼	Treasury 9½pc '80‡‡	89xd	-⅛	10.57	12 52
79	68¼	Treasury 3½pc 77-80	78		4 48	9 49
84½	71	Funding 5¼pc 78-80‡‡	83		6 32	9.92
		Five to Fifteen Years				
96⅛	95½	Treasury 11½pc 1981●	96	-⅛	12 66	12 75
76½	66⅛	Do 3½pc '79-81	75¾	-⅛	4 67	9 36
91⅛	72⅝	Do 8¼pc '80-82‡‡	86⅜	-⅛	10.15	12.31
104⅜	86⅝	Treasury 12pc 1983‡‡	97⅜	-⅛	12.53	12 59
78	58	Funding 5½pc '82-84‡‡	72½	-⅛	7 77	10 99
85¼	61⅛	Treasury 8¼pc '84-86‡‡	80⅛	-¼	10.99	12.36
73¼	51⅞	Funding 6½pc '85-87‡‡	66½xd	-¼	9.81	11.93
76¼	53	Treasury 7¾pc '85-88‡‡	71¼	-¼	11.22	12.61
47¼	32⅞	Transport 3pc '78-88	43⅝	-¼	7 05	11 88
56⅞	39¾	Treasury 5pc '86-89	51xd	-¼	9 86	12 58
75½	53¼	Treasury 8¼ 87-90‡‡	69½	-¼	12 48	13 65
		Over Fifteen Years				
57⅛	41⅝	Funding 5¾pc '87-91‡‡	51⅝	-¼	11 36	13 39
94⅝	67	Treasury 12¼pc '92‡‡	88⅞	-⅛	14 88	15 12
97½	85⅞	Treasury 12½pc '93‡‡	87⅛	-⅛	14.89	15 10
55⅛	40½	Funding 6pc 1993‡‡	48¾	-¼	12 53	14 09
75¼	54⅛	Treasury 9pc '94‡‡	63xd	-¼	14.20	14.85
34⅞	24¾	Gas 3pc '90-95	30½	-¼	9 85	12 73
102	75	Treasury 12¾pc '95‡‡	84xd	-⅛	14 97	15 12
71½	54¾	Treasury 9pc '92-96‡‡	64⅛	-¼	14 32	14 91
33½	26½	Redp 3pc 1986-96	29½	-¼	10.27	12 77
97½	90	Treasury 13¼pc '97‡‡	91⅞	-⅛	15.09	15 17
69⅛	53¼	Treasury 8¾pc 1997‡‡	62⅛	-¼	14.45	14 67
59⅞	40¼	Treasury 6¾pc '95-98‡‡	48xd	-¼	14.05	14.73
75⅛	54¼	Treasury 9½pc 1999‡‡	67⅝	-⅛	14 69	14.96
30½	22	Funding 3½pc '99-04	27⅝	-¼	13.20	13 99
62	47	Treasury 8pc '02-06‡‡	54⅝	-¼	14.83	14 97
43¼	33	Treasury 5½pc '08-12‡‡	38⅝	-¼	14 66	14 77
59⅝	43⅛	Treasury 7¾pc '12-15‡‡	54	-¼	14 96	14 97
		Undated				
29¾	22⅛	Consols 4pc	27⅛	-⅛	15 20	—
27¾	20⅛	War Loan 3½pc‡‡	23½xd	-½	14.74	—
27½	22⅝	Conv. 3½pc '61 Aft.	23¾	-⅛	14 64	—
22⅞	17½	Treasury 3pc 66 Aft.	20⅛	-⅛	15 10	—
18⅞	14¾	Consols 2½pc	17	-⅛	14 90	—
18⅝	14¼	Treasury 2½pc	16⅝	-⅛	15 26	—

**INTERNATIONAL BANK

1975 High	Low	Stock	£	+ or -	Yield Int.	Red.
68	58	5pc Stock 77-82	67½	-¼	7 53	12 47
97½	91½	8pc Stock 1976	96½	-¼	8.29	12 60

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 63% (based on $2.0650 per £)

CANADIANS

S.E. List Premium 63% (based on $2.0650 per £)
Conversion factor 0.6101 (0.6064)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1975 High	1975 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
10½	5	Jentique 5p	8½	......	0.49	ϕ	8.9	ϕ
38	20	Johns'n & B.12½p	25	......	1.56	ϕ	9.8	ϕ
46	20	Johnson Clean.	36	+3½	†2.18	1.7	9.3	9.5
345	120	Johnson Mth. £1	300	+32	10.23	4.3	5.2	6.0
41	18	Judge Int.	31	......	†1.85	3.7	9.2	4.6
27	14½	Kalamazoo 10p	19½	+½	1.57	ϕ	12.4	ϕ
56	20	Kelsey Ind. 12½p	48	......	g2.47	4.7	7.9	4.1
20	9	Kennedy Sm. 10p	10½	......	1.38	1.9	20.3	4.1
870	325	Kershaw (A.) 5p	575	+12	12.01	0.7	3.2	97.2
220	66	Kleeman	210xd	......	†3.89	5.0	2.9	10.8
39	15	Kode Int.	28	......	†1.23	3.5	6.9	6.4
59	24	L.C.P. Hlds.	59	......	‡3.9	2.5	10.2	8.0
21	11	L.K. Ind. Inv.	18	......	†d1.96	1.8	17.7	4.8
53	13½	L.R.C. Int. 10p	32	−1	2.0	0.8	9.6	19.4
101	56	Lamson Inds.	70½	+2½	2.74	2.5	6.0	9.5
40	26	Lawtex	27	......	2.58	ϕ	14.7	ϕ
118	48	Lead Inds. 50p	108	+5	†4.69	3.9	6.7	5.5
53	24	Leadenhall St.	52	......	3.05	2.4	8.1	5.3
43	17	Le Bas (Ed.)	43	......	†1.36	8.5	4.9	3.7
38	15	Lebolf Fobel 10p	36	......	1.48	4.2	6.4	10.1
43	19	Lebus Harris	35	+1	2.0	0.2	8.8	—
25	12	Leigh (L.) 5p	25	......	0.73	5.8	4.5	5.9
75	35	Leisure Car. 10p	69	......	4.42	2.7	9.9	9.4
166	59	Lep Group 10p	125	−8	2.54	7.7	3.2	5.5
58	12	Lesney Prods. 5p	57½	−½	g0.84	7.6	3.5	5.3
48	13	Letraset 10p	47	+6	‡1.28	3.3	4.1	10.7
21½	5½	Liber 10p	12	......	0.17	2.4	2.1	24.2
52	17	Light & Leis. 10p	50	......	§2.0	ϕ	10.6	ϕ
53	35	Lindsay & Wms.	40	......	3.06	3.6	11.8	3.6
62	28½	Lindustries	50	+1	†3.76	3.4	11.6	3.7
51	29	Linton (L.)	30	......	‡2.4	2.0	‡	6.2
53	11	Lloyds Ind. 10p	53	+1	†3.3	2.4	9.9	6.6
45	15¼	Lon. & Nthn. Grp.	43	+1	3.35	1.7	12.0	7.3
15	8	Long Hmbly. 10p	10½	......	1.17	3.8	17.2	2.4
30	19	Longton Trans.	29	......	2.84	‡1.9	15.1	5.3
65	28	Lonsdale Univsl.	52	......	†3.53	3.4	10.5	4.3
195	82	Low & Bonar 50p	162	+4	g9.05	3.4	8.6	5.3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

1975 High	1975 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
13	8	Wood (W.) 10p	10	......	†0.87	—	[illegible]	[illegible]
99	29	Wood Hall	87	−1	†3.03	3.9	[illegible]	[illegible]
7¼	4	Yatton Furn. 5p	6½	......	ϕ0.34	ϕ	[illegible]	[illegible]
27½	14	Zetters 5p	22	......	0.55	4.6	[illegible]	[illegible]

††INSURANCE

1975 High	1975 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
73	30	Brentnall Bd. 10p	73	......	†2.92	3.0	[illegible]	[illegible]
154	60	Britannic 5p	144	+2	7.0	—	[illegible]	[illegible]
970	440	Comb. Ins. Am.$1	730	−5	10.65c	—	[illegible]	[illegible]
194	72	Comm. Union	159	+3	6.77	—	[illegible]	[illegible]
148	44	Eagle Star	137	+2	4.99	—	[illegible]	[illegible]
£109	£100	Ennia UK 9%Cnv.	£109	[illegible]	9%	—	[illegible]	[illegible]
186	50	Equity & Law 5p	172	+4	5.1	—	[illegible]	[illegible]
174	67	Gen. Accident	160xd	......	†5.4	—	[illegible]	[illegible]
224	83	Guardian Royal	207xd	+5	†7.75	—	[illegible]	[illegible]
205	54	Halford Sh'd 10p	205	......	†5.44	3.0	[illegible]	[illegible]
265	82	Heath (C.E.) 20p	265	+5	6.1	3.3	[illegible]	[illegible]
182	47	Hogg Robinson	176	......	4.03	3.7	[illegible]	[illegible]
150	30	Howden (A.) 10p	148	+3	‡2.35	4.6	[illegible]	[illegible]
142	45½	Legal & Gen. 5p	137xd	+2	†4.36	—	[illegible]	[illegible]
125	33	Lon. & Gdon. 10p	110	......	3.39	2.3	[illegible]	[illegible]
143	48	Lon. & Man. 5p	124	+4	†4.35	—	[illegible]	[illegible]
178	63	Matthew Wr. 20p	164	......	†7.39	1.5	[illegible]	[illegible]
119½	38	Minet Hldgs. 20p	112xr	−2	11.4	3.9	[illegible]	[illegible]
240	93½	Pearl 5p	232	+6	9.6	—	[illegible]	[illegible]
230	87	Phoenix	228	+4	19.23	—	[illegible]	[illegible]
130	60	Provident "A"	129	......	g6.65	—	[illegible]	[illegible]
125	60	Do. "B"	120	......	g6.65	—	[illegible]	[illegible]
142½	52	Prudential 5p	136	+3	15.07	—	[illegible]	[illegible]
130	48	Refuge 'B' 5p	118	+2	6.25	—	[illegible]	[illegible]
315	106	Royal	310	+2	‡13.39	—	[illegible]	[illegible]
264	99	Sedg. Forbes 10p	260	......	†7.81	1.8	[illegible]	[illegible]
84	29	Stenhouse	76	−1	3.12	2.3	[illegible]	[illegible]
454	175	Sun Alliance £1	437xd	+2	‡15.38	—	[illegible]	[illegible]
93	32	Sun Life 5p	89xd	+1	2.53	—	[illegible]	[illegible]
870	575	Tsh. Mar'e EDR	790	−25	[illegible]	—	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

Trusts, Finance, Land, etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

1975 High	1975 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
8¾	3	[illegible]	6	......	m0.5	—	1.7
65	17	Chartered 5p [illegible]	[illegible]	+2	—	—	—
115	40	[illegible]	70	......	—	—	—
760	360	Cons. Murch. 10c	725	......	[illegible]	2.2	[illegible]
55½	29½	[illegible]	[illegible]	−1	—	—	—
375	200	Northgate C$1	235	......	Q35c	1.2	13.2
311	83	R.T.Z.	276	+3	15.51	4.4	4.9
135	47½	Selmalco. C$1	95	+3	—	—	—
61	55	[illegible]	55	......	—	—	—
£21½	574	Tara Explr. $1	£10½	[illegible]	—	—	—
78	38	Yukon Cons. C$1	77	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, covering maintenance of net dividends on every class of ACT, are based on middle prices, are gross and allow for relevant declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and insurance reserve allocations may preclude calculation of dividend cover.
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- Free of Stamp Duty.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Based on 1973 profits
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1975-76. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 33

FINANCIAL TIMES
Thursday November 6 1975

Steelmen reject plea on furnace

By Lorelies Olslager, Labour Staff

BRITAIN'S MOST modern blastfurnace will continue to lie idle despite a public appeal yesterday to the National Union of Blastfurnacemen to go ahead with the commissioning despite the lack of an agreed rate of pay.

The plea came at the end of two days of public hearings by a special court of inquiry into the dispute between the British Steel Corporation and the NUB over pay for manning the new furnace at Llanwern, in South Wales.

Sir Richard Way, the court's chairman, said that he was not planning to make an award in the pay dispute. As a result, the BSC is to approach the union for talks on this issue before the court produces its report, which will take several weeks.

Sir Richard appealed to the union "at least to consider" going ahead with commissioning the new £27m., 5,000 tonnes capacity furnace while the pay issue was still unresolved.

At the end of the hearing yesterday, Sir Richard Way, the court's chairman, appealed to the union to "at least consider" going ahead with the commissioning of the £27m. 5,000-tonnes capacity furnace while the pay issue was unresolved.

Mr. Hector Smith, the general secretary of the union, said later, though, he was not prepared to do this. He told BSC officials it was up to the corporation to pay for the commissioning.

Throughout the hearing, the union stressed that its demand for £115 a week maximum earnings for the top man on the new furnace was more than justified because of increased productivity, higher output and the more demanding character of the work.

Mr. Smith said that the NUB would be seeking "proper recompense" for an even bigger, 10,000-tonne capacity furnace which the BSC is planning to instal on Teesside.

Cascade of claims

The BSC insisted that it could not improve its offer of about £100 a week without bringing about a "cascade" of further wage demands which it could not meet in its present precarious situation without further loss of markets.

Summing up after the hearing, Sir Richard said the court was not an arbitration tribunal and would not come up with a "magic answer" to the dispute. It was not going to make a compromise proposal on pay as an arbitration tribunal would do.

"I do not think anything we are likely to say is going to solve the immediate problem." The court's report would take several weeks to prepare.

The court was set up under the auspices of the Advisory, Conciliation and Arbitration Service to inquire into "all the causes and circumstances" of the dispute which had arisen between the NUB and the steel corporation at Llanwern "with a view to preventing such occurrences in the future commissioning of new plant."

BSC industrial relations broke down, Page 13

Peace march to-day despite Spain's threat

BY OUR FOREIGN STAFF

KING HASSAN of Morocco announced last night that the "peace march" by 350,000 unarmed volunteers will set off to-day across the frontier into the Spanish-held Western Sahara. He thus decided to risk a confrontation with Spain, which has said that it will use force if necessary to stop the march, designed to achieve Moroccan sovereignty over the territory.

However, Moroccan Government sources said that the march will not penetrate far enough into the Spanish Sahara to encounter the 40,000 Spanish troops there. The Spanish defence line begins about 5 miles south of the frontier, but the marchers are likely to encounter Spanish minefields once inside the border.

The Moroccan announcement caused concern in Madrid, which is taking the prospect of an armed clash with Morocco very seriously, but at the United Nations, Secretary General Kurt Waldheim, continued to take an optimistic view of the situation. He said that he felt that the march was intended to be symbolic and that the marchers would stop short of the Spanish forces. "I think it will be possible to avoid a confrontation," he declared.

Dr. Waldheim said that his special envoy in North Africa, Mr. André Lewin, had received no formal rejection from any of the leaders involved in the issue of the proposals that he had taken to them. These are understood to have included the suggestion that the UN set up a temporary administration at the capital of the Spanish Sahara, El Aaiun, for up to six months, during which time the population there would be allowed to decide its own political future.

Yesterday General Gomez de Salazar, Military Governor of the Sahara territory, said at the capital El Aaiun: "They will not pass one yard past our entrenched lines. The Spanish Army is prepared. They must hold up at the border." This interpretation differed from Madrid's, which was that the march would be tolerated provided it did not reach Spanish defence lines.

King Hassa ntold the marchers in a broadcast: "If you meet a Spanish civilian or a soldier, greet him and share your food with him. If he fires on you, arm yourself with your faith and your conviction and continue your march."

Roger Matthews writes from Madrid: The armed forces alert in the Spainsh Sahara is affecting all three services. More Phantom and Mirage jet fighters have been deployed from the air force base at Torrejon outside Madrid to bases within striking distance of the Sahara. Around 2,000 paratroopers are understood to have been moved to the Canary Islands, only a short flight from the Sahara.

The navy, which has considerably more vessels and fire power than the Moroccans, is also on standby, and it is understood that in the case of a full-scale conflict it could play a crucial role due to the coastal siting of several major Moroccan cities.

These measures are said to be a necessary corollary of a tough speech by the Spanish delegate at the United Nations Security Council on Sunday and the flying visit by acting Head of State Prince Juan Carlos to El Aaiun.

Around 10,000 troops of the Spanish Foreign Legion, the country's crack regiment, are manning a defensive line seven kilometres from the border, with several thousands more in close reserve.

FT CLIPPER RACE

Wind picks up as GBII nears Sydney

BY ALEC BEILBY

AFTER AN impressive 24-hour run of 260 miles the leading yacht in the FT Clipper Race, Great Britain II, cleared the Bass Strait between Tasmania and the State of Victoria was by 8.00 last night within 140 miles of Sydney.

Later last night, as dawn broke over Eastern Australia, GB II was sighted from the air, 120 miles from the finish and sailing at maximum speed, probably about 14 knots, in fresh south-westerly winds, ideal for the run to Sydney.

She was then between Bateman's Bay and Brush Island, south of the entrance to Sydney Harbour her earlier fast progress had ben temporarily slowed as the wind became light and variable, and her speed dropped from a steady 12 knots to a mere 6. But the wind had again picked up to a good 15 knots westerly, gusting to 20 knots and good visibility.

Her rival, Kriter II, whose French crew opted to take the recommended northern passage through the strait, did not benefit from the winds found further south by Mike Gill and his team aboard the British yacht and the gap of 60 miles between the two yachts reported on Monday appeared to have widened to about 160 miles.

Sydney yachtsmen, among them Tryg Halvorsen who has won the race from Sydney to Hobart more times than anyone else, predicted that GB II could reach Sydney at noon to-day, local time (in early hours of to-morrow GMT). This could enable her to beat the record of 69 days for the voyage from London to Sydney under sail by more than 48 hours.

What is apparent from the sighting of the yacht is that the crew have chosen the inshore tactics against the strong contrary current that sweeps down the coast of New South Wales and intend to take the shortest route to the finish.

Great Britain II—well ahead of Kriter II.

While the leaders race the final miles to Sydney the Dutch crew of Great Escape, now passing to the NE of Prince Edward Island in the Southern Ocean, report winds of force 9 and 10, up to 55 knots, constant rain and fog.

The near-loss of a storm sail overboard forced them to lower one of the crew into the sea to free it from beneath the hull in frightening seas but in spite of their problems, and another 4,000 miles ahead of them, morale is high and appetites reported good.

No report has been received from the Italian yacht CS e RB II which is thought to be ahead of Great Escape.

Currency option for foreign creditors

BY A. H. HERMANN

THE HOUSE of Lords decided yesterday that foreign creditors should not suffer in English courts from the combination of sterling's falling exchange rate and the ancient procedural rule that English courts can award money payments only in sterling.

By a majority of four to one, the Law Lords ruled that in English courts, foreign creditors could now have their claims recognised in their own currencies.

The decision is of great significance for trade, improving the prospects for foreign creditors facing the possibility of litigation in English courts. But the very breadth of issues involved led Lord Simon of Glaisdale to dissent. He held that the issue was unsuitable for judicial reform as it required a wide range of official and commercial advice.

Fluctuations

The Law Lords confirmed the view that world currency fluctuations called for a change which would enable the foreign creditor to get what he bargained for in his contract—a view taken for the first time by the Court of Appeal with Lord Denning presiding, in *Schorsch Meier v. Hennin* in November, 1974.

They dismissed an appeal by George Frank (Textiles) of London, against a Court of Appeal decision of February 10 that they must pay their Swiss supplier, Michael Miliangos, Payerne, in Swiss francs.

When the case was heard before Mr. Justice Bristow in the High Court last December, the British company did not dispute the liability to pay for textiles delivered in 1972, but they did contend that payment should be made in sterling. The judge accepted this view and delivered a judgment for £42,038 — the 1972 equivalent of the invoice in Swiss francs. This was about £18,000 less than was necessary to buy the same sum in Swiss francs at the exchange rate of the day when the case was decided.

The decision was however reversed by the Court of Appeal and the reversal has now been confirmed on further appeal to the Lords. The Swiss supplier will recover his claim undiminished by currency changes and the British importer will pay about £30,000 more than he would have paid in 1972, plus legal costs which are likely to double this amount.

Giving judgment, Lord Edmund-Davies said that to apply the old rule to the present case would perpetrate a great injustice.

Lord Cross of Chelsea said that the change in the foreign exchange situation and the position of sterling over the last 15 years justified the House in overturning the old rule.

Lord Wilberforce said that a creditor should not suffer from sterling fluctuation.

Burmah seeks to refinance tanker plan

By Stewart Fleming

BURMAH OIL said yesterday that it is engaged in talks aimed at re-financing its $500m. programme for the construction of five liquefied natural gas (LNG) tankers.

Burmah ordered eight of the 125,000 cubic metre tankers from General Dynamics and secured permanent finance for three of them, which are to be employed shipping natural gas from Algeria to the U.S. But it has itself been financing the other five tankers which are to be employed carrying natural gas from Indonesia to Japan, a commitment which has been costing the company $9m. a month.

Burmah decided to take on this commitment in order to get construction started on the ships with the aim of re-financing later.

Yesterday it said that it is holding discussions with IU International and its shipping subsidiary Gotaas-Larsen about participation by IU in the LNG transportation projects to which it is committed.

It added that preliminary discussions have resulted in the signing of a memorandum of understanding and that if definitive agreements are concluded they will be announced promptly. Discussions have reached the stage at which third parties in Indonesia, Japan and the U.S. will have to be consulted soon.

Burmah is clearly hoping to make some arrangements under which it can escape the burden of financing the ships itself and also relieve itself of their ownership. To what extent it can do this and remain as the operator is uncertain.

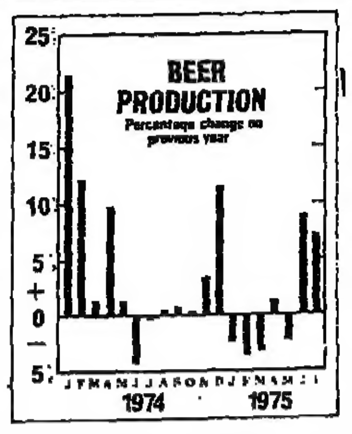
IU International is a U.S. services and transportation company with large shipping interests. In its last financial year the company had a turnover of $2bn.

THE LEX COLUMN

Whitbread after a thirsty summer

Accompanied by the highest number of bargains marked for six weeks, the All Share Index finally eased its way past the June peak yesterday, and the Industrial Group joined it in new high ground. The 30 Share, which closed a little below the best, still has five points to go.

Index rose 1.9 to 360.8



Whitbread

At £18.4m., against £13.3m. for the six months to August, Whitbread's pre-tax profits are well up to market hopes although the figures have been slightly glamourised by the inclusion of a full half-year from Long John—of £1m.—but only two months' financing costs. Strictly speaking, notional extra interest charges of some £0.7m. should be deducted. That said, and despite the suspicions of analysts that Whitbread may be preparing the ground for a rights issue, the figures indicate an above-average trading performance. Led by Trophy bitter and Heineken lager Whitbread's volume gains have continued to run ahead of the industry trend, which showed growth of over 2 per cent. in March-July and no doubt continued to be buoyant during the heatwaves of August.

The willingness of drinkers to accept substantial price increases has left the brewers in a healthy position and Whitbread has also been getting a payoff from previous capital spending on its pubs—profits from retailing were £2m. higher in the half-year. Last year's exceptional packaging costs of £1.3m. have been eliminated thanks to free availability of bottles and cans. But Whitbread is conscious that the summer weather was exceptionally favourable, while the winter will bring increasing unemployment and a squeeze on real incomes. Assuming an unchanged second half, adjusting for Long John, the prospective p/e at 70½p would be nearly 13: this, together with uncertainties over the financing of the group's expansion plans, may restrain the shares.

British Home

British Home Stores' £15.5m. rights issue is essentially a belt and braces exercise: the group does not *need* the money now but it does want to keep up its rate of physical expansion—around 5 per cent. a year recently with an increased target for 1976-77. Net capital spending increased from £5.9m. to £13.67m. in 1974-75, and with a small rise in working capital there was a £7m. deterioration in the net cash position. But the group still has no gearing, and although capital spending is likely to rise to around £15m. this year, the erosion in liquidity is unlikely to be significant. But after arranging a $25m. 1981-82 loan last year, the group is reluctant to take a view on interest rates with a long-term debenture.

The group is, however, the major retailer best able to justify a rights issue—having doubled pre-tax profits over the last four years for a return on capital employed of around 30 per cent. in the last two years. These merits, have been well appreciated during the recent series of retailing results, and the shares have easily outperformed the market since the interim figures in mid-October with a rise of an eighth. While a prospective ex-rights p/e in the upper teens seems to be looking far enough ahead for the moment, BHS is seldom short of supporters.

Hoare & Co. Govett

Hoare and Company Govett added its voice yesterday to the opposition to an across-the-board increase in Stock Exchange commission rates at present—arguing that a change should not be made at least until details of the profits of member firms were known. Differences of opinion among brokers have already delayed a decision by several weeks, though the relevant Council committee could make a recommendation by the end of the month.

The larger brokers are still generally well in the black—helped in Hoare's case by its major corporate finance business: its profits for the 12 months to the end of May, reported to-day, were all earned in the second half. Although the pre-tax total for the year is up from £229,000 to £717,000 (around the 1972-73 level), this is still well below the £1.38m. of 1971-72.

Hoare is also the first—and presumably the last—broker to include a CPP statement. This shows a near £500,000 drop pre-tax after the inflation adjustment, principally because the bulk of capital employed is in monetary assets. A similar result was shown by the Bank of Ireland—the only other financial institution to provide a CPP statement—and Hoare argues that the Sandilands proposals do not sufficiently answer the particular problems of financial businesses. Consequently, the broker welcomes the accountants' latest recommendations.

Birmid Qualcast

Birmid Qualcast's jump in pre-tax profits from £7.5m. to £10.7m. disguises the appearance of a degree of weakness in the second six months—when there was a setback of roughly 12 per cent.—but this, and the indications of continuing pressures in the current year, appear to have been well discounted in the market. The major feature of 1974-75 was the rapid first-half bounce back from the difficulties of the three-day week, and for the full 12 months pre-interest profits of the foundry division rose £4.2m., more than accounting for the group's overall improvement. Elsewhere the lawnmower side was only modestly higher, and the engineering division was depressed by unfavourable contracts.

In the current year the foundry activities face weak demand, already noticeable in automotive castings (35 per cent. of volume) and becoming more so in commercial vehicles though the tractor market is holding up. But the engineering side should recover while lawnmowers and Potterton boilers (the latter being slightly on the right side of break-even) may be broadly unchanged. So the shares should be sustained at 54½p by a yield of 10.6 per cent. covered twice; Birmid has rejected the idea of a rights issue, at least for this year, though its minimal overdraft at the balance sheet date represents the seasonally most favourable position.

Weather

U.K. TO-DAY

SUNNY INTERVALS after mist or fog.

London, S.E. England, E. Anglia
Cloudy, but bright and dry later. Wind W., light or moderate. Max. 13C (55F).

Cent. S., E., S.W., Cent. N. England, Midlands, Channel Is., Wales
Fog patches, dry and sunny. Wind W., light or moderate. Max. 12C (54F). Frost.

N.E., N.W. England, Lakes, I. of Man, Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Moray Firth and N.E. Scotland
Fog at first, then dry and Wind W., moderate. Max. 11C

N.W., S.W. Scotland, Cent. Highlands, Argyll, N. Ireland
Sunny with a few showers. Wind W., moderate. Max. 10C

Orkney, Shetland
Sunny. Wind W., moderate or fresh. Max. 9C (48F).

Outlook: Dry and sunny

Lighting-up: London 16.56, Manchester 16.59, Glasgow 16.59, Belfast 17.10.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Amstrdm.	Fg	8	43	Manchstr.	C	11	52
Athens	S	20	68	Melbourne	C	17	63
Bahrain	S	28	82	Mexico C.	S	19	66
Barcelona	S	18	64	Milan	C	12	54
Beirut	S	25	77	Montreal	S	14	57
Belfast	F	9	48	Moscow	C	−4	25
Berlin	C	3	37	Munich	C	6	43
Birmghm.	F	12	54	Newcastle	F	12	54
Bristol	F	13	55	New York	S	20	68
Brussels	S	11	52	Oslo	F	12	54
Budapest	R	8	46	Paris	C	11	52
B. Aires	C	21	70	Perth	S	24	75
Cairo	S	28	82	Prague	C	7	45
Cardiff	F	13	55	Reykjavik	F	1	34
Cologne	C	9	48	Rio de J'o	S	25	77
Copnhagn.	C	5	41	Rome	S	19	66
Dublin	F	11	52	Singapore	C	26	79
Edinb'gh	F	11	52	Stockholm	F	9	48
Frankfurt	C	8	46	Strasb'rg	C	8	46
Geneva	C	10	50	Sydney	C	22	72
Glasgow	F	10	50	Tehran	S	13	55
Helsinki	C	8	46	Tel Aviv	S	25	77
H. Kong	S	25	77	Tokyo	C	16	61
Jo'burg	C	28	82	Toronto	S	14	57
Lisbon	S	18	64	Vienna	C	8	46
London	C	13	55	Warsaw	C	9	48
Luxembg.	C	9	48	Zurich	C	8	46
Madrid	S	15	59				

HOLIDAY RESORTS

Ajaccio	S	19	66	Las Plms.	S	22	72
Algiers	F	21	70	Locarno	S	13	55
Biarritz	S	15	59	Majorca	F	19	66
Blackpool	F	12	54	Malaga	S	19	66
Bordeaux	S	11	52	Malta	R	15	59
Boulogne	R	9	48	Nairobi	S	24	75
Casablnca.	S	18	64	Naples	S	21	70
Cape Town	C	20	68	Nassau	S	28	82
Corfu	C	20	68	Nice	F	18	64
Dubrovnik	F	18	64	Nicosia	S	23	73
Faro	S	21	70	Oporto	S	17	63
Funchal	F	21	70	Rhodes	S	22	72
Gibraltar	F	19	66	Salzburg	C	9	48
Guernsey	C	11	52	Tangier	S	21	70
Innsbruck	F	12	54	Tenerife	F	19	66
Inverness	F	10	50	Tunis	C	19	66
I. of Man	F	11	52	Valencia	S	18	64
Jersey	C	11	52	Venice	F	15	59

S—Sunny. F—Fair. C—Cloudy. R—Rain. Fg—Fog.

Continued from Page 1

Chrysler seeks loan

the FFI loan if it had been granted

Mr Riccardo added that £50m. had been raised to fund the U.K. operation, only £7m of which had come from British banks

Mr Jones, along with Mr. Scanlon, president of the Amalgamated Union of Engineering Workers, had spent more than an hour questioning Mr. Riccardo and Mr. Eugene Cafeiro, president of Chrysler, on the possibilities of the U.S. company staying in Britain.

"We put as strongly as possible the trade union case that the company should remain in Britain."

It was clear, he added, that the company needed much more money than the £35m. it had been trying to raise from the FFI, if it was to develop new models.

The difficulties the company was facing were "black indeed."

In Westminster last night, reliable sources were mentioning a figure of between £70m. and £100m. as Chrysler's price of staying in the U.K.—a higher sum than the total it was hoping to raise from the Government under the Industry Act (£25m.) and from FFI (£35m.) earlier this year.

But Mr. Jones made it quite clear last night that they had not talked figures with the Chrysler chairman, and that this was a matter for the Government.

Continued from Page 1

New strategy for industry

important to the rest of industry."

The Government paper includes a long and familiar list of U.K. industrial problems, and lays a great deal of emphasis on the need for greater mobility of labour and elimination of overmanning and restrictive practices.

But TUC leaders made the point very forcibly at yesterday's Chequers meeting that they saw great difficulties in making progress on this front against a background of high unemployment and a long-term decline in the proportion of the labour force engaged in manufacturing industry.

Mr. Healey made it plain that all sides at yesterday's meeting had agreed there could be no immediate attempts to reflate the economy, and that they were opposed to the introduction of general import controls.

He also said that, in the light of CBI complaints about the effects of the Price Code on companies' cash positions, he would consider relaxing the Price Code for companies which undertook "to use the money to increase investment."

In a statement last night the CBI said: "We hope to-day's meeting of 'Neddy' will represent a turning-point in the Government's attitude towards industry.

"The NEDO researches make great play comparing Britain's industrial performance disadvantageously with that of West Germany and France. In both these countries, Governments produce a climate which makes it possible for industry to operate successfully.

"It is this attitude that industry hopes the Government here will now adopt.

"Certainly, if words have any meaning, it would seem the Government does now recognise the cardinal importance of allowing industry to earn a reasonable rate of return on capital.

"Without adequate profitability, there is no chance at all that British industry can invest sufficiently and remain competitive in world markets."

John Elliott, Labour editor writes: TUC leaders regarded yesterday's meeting as a useful first step toward a new economic and industrial planning strategy, although they would like the Government to introduce more specific proposals faster than it is proposing to do. They also warned that continuing high unemployment could hit at trade unions' co-operation.

Some of them are also concerned about who, or which Government Department or organisation will co-ordinate the wide ranging activities mapped out by the Government. They fear that a lack of co-ordination could impair the project's effectiveness.

But the TUC did make it clear in a statement later that it recognised that any planning should use selective measures. The restoration and improvement of manufacturing industry would be a primary target. This tacitly showed that the unions accept that social objectives should take second place.

The TUC leaders however stressed their deep concern at the level of unemployment and repeated warnings they delivered to the Prime Minister in Downing Street last week that they would expect the U.K. to "go it alone" if some measure of reflation was not agreed to the Paris summit in two weeks' time. The Chancellor, however, seemed keen to play this warning down last night. He emphasised that the TUC realised that inflation had to be curbed further before reflation was possible.

Against this background of possible major differences of emphasis, the TUC will produce a report after the summit on its own ideas on how the economy should be managed, including some reflation, to curb unemployment. It will then meet the Chancellor.

Yesterday, in its statement the TUC warned that "the response of trade unionists to renewed uninitiatives on an industrial strategy would be conditioned above all" by the level of unemployment.

Specific proposals were put forward by the TUC in two areas. First it pushed its known idea of the Government organising the creation of special investment funds to channel money into industry. Secondly union leaders, especially Mr. Hugh Scanlon of the Engineers and Mr. David Basnett of the General and Municipal Workers, urged the Government to use spare teaching capacity in schools and colleges to train both young unemployed school leavers and others into skills which would otherwise be in short supply when the economy picks up. The Government agreed to look into the feasibility of this.

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